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The materials contained in these hearings represent the statements of witnesses before one of the Subcommittees of the Committee on Aging of the House of Representatives. Witnesses include members of Congress, persons affiliated with the Administration on Aging and the U.S. Civil Service Commission, representatives of various labor unions, those working with several gerontology programs and national associations for retired programs, and state and local government officials. The statements address the following areas of concern: preretirement planning, financial and insurance needs, use of leisure time, health, social relations and personal safety. Specific models and suggestions for preretirement education programs are included in the appendices. (HLM)

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PREPARING FOR RETIREMENT: CRISIS OR CHALLENGE?

HEARING

BEFORE THE

SUBCOMMITTEE ON RETIREMENT INCOME AND EMPLOYMENT

OF THE

SELECT COMMITTEE ON AGING HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

JUNE 19, 1978

Printed for the use of the Select Committee on Aging

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NATIONAL INSTITUTE OF EDUCATION

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PREPARING FOR RETIREMENT: CRISIS OR CHALLENGE?

MONDAY, JUNE 19, 1978

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT
INCOME AND EMPLOYMENT,
OF THE SELECT COMMITTEE ON AGING,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2203, Rayburn House Office Building, the Honorable Fred B. Rooney (chairman of the subcommittee) presiding.

Members present: Representatives Rooney of Pennsylvania, Grassley of Iowa, and Regula of Ohio.

OPENING STATEMENT OF CHAIRMAN FRED B. ROONEY

Mr. ROONEY. The subcommittee is meeting this morning to determine how the goal of adequate retirement preparation for every American can be best achieved.

The concept of retirement preparation has gained greater significance as a result of several interrelated factors: The growth of an aging society, the trend toward earlier retirement, the enactment of Federal legislation liberalizing mandatory retirement policies, and recent developments in Social Security and public and private pensions affecting coverage and benefits for retirees.

It has become increasingly apparent that with all of the financial, social, and psychological ramifications of retirement by choice, it is essential to plan for that life stage which could total one-quarter or even one-third of an individual's lifetime.

Moreover, increasing opportunities for second careers, job sharing, part-time employment, and other flexible work options are likely to make an individual's retirement plans even more complex.

Ideally, retirement planning should begin in one's early working years and continue throughout the life cycle. In my opinion, the challenge we face as a society is to incorporate retirement preparation into the total human life cycle in such a manner that the actual event of retirement signifies financial security and self-fulfillment rather than crisis or trauma.

I have here a prepared statement from our ranking minority member William C. Wampler, that I would like to submit for the record at this time.

[The prepared statement of Representative William C. Wampler follows:]

STATEMENT OF REPRESENTATIVE WILLIAM C. WAMPLER

Mr. Chairman, I wish to commend your outstanding leadership in scheduling today's hearing on Preparing for Retirement: Crisis or Challenge. With approximately 11 percent of America's population age 65 and over and increased life expectancy, pre-retirement planning is becoming an augmented necessity. Legislation, recently enacted, banning mandatory retirement in the Federal sector and increasing the age for private sector employment to 70, will allow older Americans greater freedom of choice in retirement. Planning for retirement will be essential in exercising future employment and retirement options. I am concerned that we not only focus our attention on those individuals immediately anticipating retirement, but also encourage younger employees to consider pre-retirement planning for the future.

I wish to extend my sincere appreciation to each of our distinguished witnesses, who represent a wide spectrum of knowledge and experience in the pre-retirement field. Today we hope to assess the need for pre-retirement planning, examine the structural aspects of effective programs, and gain insight into the benefits derived from pre-retirement programs.

Retirement planning must address economic, vocational and health needs of an individual; and incorporate a wide range of information including: financial planning, preventive health and nutritional needs, legal counseling, second and third career training, educational opportunities, and the constructive use of leisure time. Programs must be designed to eliminate misconceptions concerning older years and to help retirees strive towards continued productivity.

The adjustment to living on a fixed income is perhaps the most traumatic experience many older Americans face upon reaching retirement. It is alarming to note that less than half of the labor force is covered by a private pension plan and the majority of retirees rely on Social Security as the major or only source of retirement income. Planning for older years must be a continuous process throughout life. Employers should begin to inform employees early in their careers of financial options regarding: pension benefits, savings, investments, legal matters, and continued employment options to assure that retirement years will bring financial security.

A 1974 survey by the General Accounting Office revealed that less than one-third of 255 Federal agencies surveyed offered pre-retirement education programs. There is no substantial evidence that adequate programs exist in the private sector. Today we must reassess this information and further study the value of pre-retirement programs in helping retirees successfully make the transition from work to retirement.

Prospective retirees who prepare for their future needs and demands usually meet retirement with realistic expectations and are more capable of making their retirement years challenging, satisfying and rewarding. Enrollment in pre-retirement education programs often is the future retiree's first serious awareness of the coming severance from work and nearing retirement. Let us remember, the longer we wait, the less influence we will have on shaping our destiny in later years.

Retiring from the American labor force has traditionally been defined as a withdrawal from an active working life. This, however, should not indicate a withdrawal from an active life. Employers, in both the public and private sector, must realize their responsibilities to those who have given a lifetime of service by preparing employees for what the future may bring in retirement years.

Mr. ROONEY. The subcommittee is privileged to receive testimony this morning from two distinguished Members of Congress who have chosen to retire at the end of the 95th Congress, after outstanding careers of public service spanning many years.

Following my colleagues will be Dr. Robert C. Benedict, the Commissioner on Aging, Department of Health, Education, and Welfare, Washington, D.C.

At this time we are privileged to have Congressman Del Clawson of California as our first witness.

Please proceed Congressman.

STATEMENT OF HON. DEL CLAWSON, A MEMBER OF CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CLAWSON. Thank you, Mr. Chairman.

Mr. ROONEY. We welcome you to the committee this morning. We appreciate very much your willingness to participate in this session.

Mr. CLAWSON. Thank you, Mr. Chairman.

I gathered one of the reasons for my invitation was so that you could have me in front of you, rather than before the Rules Committee, where we are discussing the railroads.

Mr. ROONEY. You have been very kind to me over the years. Although we don't agree with one another every day of the week on major issues in Congress, you have been a tremendous asset to the Congress, and we are very sorry that you have decided to leave. You are too young to leave.

Mr. CLAWSON. Thank you very much, Mr. Chairman. No, I am old enough to leave. Of course, this is by design and not by accident.

There is no prepared statement. However, I will be happy to discuss some opinions with you.

My reason for retiring goes back a long time. I had made up my mind that when I reached age 65 that was the time to do it because we had kind of arbitrarily set that 65 age limit for retirement.

Regardless of what Members of Congress can do, in my own mind, if I were still in fairly decent health and could economically afford to retire—I planned to do so—I didn't want to stick around here until I became senile—I don't believe I have reached that point yet.

So, I am prepared to enjoy some of my—I am not going to use the term twilight years because I hope to be around longer than the twilight part of life—family associations and some time for my own, things that I enjoy doing outside of the pressure of Congress.

Health became one reason, of course, too.

One of the key things in retirement is whether you can economically afford to retire. Marjorie and I decided that could be done because our needs are very little and obligations practially none.

So, we decided we could go ahead and live on the retirement income, plus a few thousand dollars perhaps on the side.

Mr. ROONEY. Had you thought about this many years ago? Have you planned for your retirement long in advance?

Mr. CLAWSON. When you said planned for it, Mr. Chairman, the specific plans, no. When my colleagues ask me what I am going to do next year, I tell them I am going to write letters, most of them nasty letters, to Members of Congress. So, that may or may not be the plan at this moment.

I hadn't planned that years ago. It is only since I have been in Congress that I decided to use that particular vehicle for retirement. But I have hobbies, as you are aware, Mr. Chairman. I have interests in the community, interests in a lot of the things that are going on outside of the Congress as well.

So, I have no problems, I don't believe anyway, in filling my time. Most of my colleagues, colleagues who have retired, have told me I will probably find myself busier in retirement than I am as a Member of Congress.

Mr. ROONEY. You have done many things on a volunteer basis.

Mr. CLAWSON. Exactly. I belong to about a dozen senior citizen's clubs right now. Of course, a lot of that was for political reasons

perhaps at one time. But now I can go back and get involved in some of them.

I have interests in civic affairs, community interests. I intend to go right back to California rather than stay in Washington. I don't have Potomac fever, after all these terms—it still hasn't taken hold of me.

Mr. ROONEY. I wonder if you would comment on the recent law that Congress passed with respect to mandatory retirement.

Mr. CLAWSON. I voted for that, of course, and favored the extension of the time. I think the senior citizens, those over 65, have a great deal to offer to our community. Those that are still in good mental and physical health certainly should not be forced to retire if they don't make that decision voluntarily.

Mr. ROONEY. How about the private industry, and the policies of many corporations?

Mr. CLAWSON. I think that ought to be changed, too, as long as they can work and handle their job or position.

Mr. ROONEY. Thank you very much, Congressman Clawson. We appreciate very much your appearance before the committee today. I am glad to know that you are going back to California. Your retirement is a great loss to the Congress.

Mr. CLAWSON. Mr. Chairman, I appreciate that. You and I, of course, came to Congress at the same time, as you are aware—members of the 88 club.

If I might just detail what I think are important things in retirement:

First, the economic ability to retire is probably the prime requisite—being able to retire financially. If you are not, then that makes some real problems.

Second, I think you do have to have some plans, as you have indicated, some rather concrete plans, so that you don't just sit at home, atrophy, and eventually pass away far sooner than you would on the job.

That means either hobbies or involvement in some private or civic organizations, whether it is church, lodge, clubs, or other programs of one kind or another.

There are a lot of things that can be done. Voluntarism—some of the programs that we have where senior citizens can be helpful in the private sector.

Mr. ROONEY. Here is another one of your colleagues who is a senior citizen, Congressman Skubitz.

Mr. CLAWSON. Come on up, Joe. There is another thing Joe and I have offered to do. Joe and I have offered to be the sacrificial lambs for any overseas trips, or any junkets, anything of that kind between now and the end of the year that any of you Members can't take.

STATEMENT OF HON. JOE SKUBITZ, A MEMBER OF CONGRESS FROM THE STATE OF KANSAS

Mr. SKUBITZ. I didn't know exactly what you have expected. I have written a masterpiece. Do you mind if I read it?

Mr. ROONEY. I hope you will summarize it.

Mr. SKUBITZ. It isn't long. It is only 25 minutes.

Mr. Chairman, I want to thank you for inviting me to participate in the hearings on this subject, Preparing for Retirement: Crisis or Challenge?

As you know, Mr. Chairman, 35 years of my life has been spent here on Capitol Hill. It has been my second home. It has been my life. The happy days and the experiences and the friends and acquaintances I have made here are all a part of my book of memories that I will take with me when I leave Capitol Hill, particularly the happy moments, Mr. Chairman—I say this sincerely—the privilege of serving on the Interstate Commerce Committee with you and particularly on the Subcommittee on Transportation.

The one thing that does bother me really about leaving is the trouble you are liable to get into after I leave. If I can help you, please give me a ring.

But there comes a time when each of us must hang up our political shoes and I think it is better that we go away with our constituents saying, "Gee, I hate to see you retire," than "My God, I am glad he is gone."

Personally, I have always felt that retirement was a goal to achieve, not a chapter in our lives to be dreaded. It was 50 years ago, Mr. Chairman, in 1927, that I received my teacher's certificate, and my first job teaching school at $125 a month.

I wanted to go on to college, but we were having a depression in 1927. We didn't have to wait for the one that started in 1933. I received $125 a month for 9 months. The board of education never dreamed of offering to pay us for the 3 months that we were out of teaching, nor did we have the nerve to ask for it.

I remember like it was yesterday, Mr. Chairman, that I took home my first paycheck and handed it to my mother, for it was then that I began dreaming about retirement.

I say that sincerely because I remember looking at my father's little home, a little five-room house—by any standards you use today it was substandard—and I thought if I had a home like my dad's, five rooms—I wanted a bathroom becuase the one we had was 75 yards straight east of the kitchen door—and if I could have a few chickens, and a garden, and a cow, like he had, an outdoor cellar where we could store things, and a $50 a month retirement, as advertised by the Phoenix Insurance Co. in those days, I had it made.

Well, my plans have changed a number of times since then. I think the same might be said, though, of many others.

Mr. Chairman, Doug MacArthur once said old soldiers never die, they just fade away. I think that is true of retiring Congressmen, also. But you know, in that fading process, whether it is dull or lonely or filled with anxieties, or whether it is a new experience filled with happiness and contentment, depends upon how each person plans for his retirement, how you chart your course and, more importantly, his pont of view.

Of course, each of us will obtain happiness and contentment in different ways, or retirement can be tragic.

There are some people that feel that accumulating money and land is the fountain of all happiness. Of course, money is necessary to meet our need, but I think Lee Trevino said pretty much what I

would like to say when he said: "You never see a Brinks truck following a hearse in a funeral procession."

I think too many people put too much emphasis just on the accumulation of money and land. I often think when I taught school, and I had a young orator at one time who wrote an oration on how much land does a man actually need.

He concluded that about all the land a man actually needed in the end was a piece of land 3 foot wide, 6 foot long and six foot deep.

I should say I spoke to a number of my colleagues when I decided to retire. I asked one of them what he would suggest, and he said first get a rocking chair, and just sit for three months.

I said, "Well, what do you do after that?" He said, "Then you begin rocking."

Another colleague of mine, fulfilling his life dream—and I sort of admire him—he was an exceptional doctor—you all know him—after he had made his mark as a doctor he came to Congress and tried to cure some of the ailments of this body in their insatiable desire to spend somebody's money.

Then he bought a boat. He and his lovely wife moved from one point to another doing the kind of things that they wanted to do in life. You know, to me he has an idea about retirement because, after all, retirement is only another chapter in our lives, and it should be the most satisfying, the most rewarding experience of all.

That period in our lives when we can do the things that we always wanted to do, to dream, to write a book, paint a picture, to work just for the joy of working for a change at the kind of work we want to do, and couldn't do when we were growing up and raising a family.

To teach young people—if we like that—I do—so they may understand and avoid some of the pitfalls that we have encountered in our lifetime, and to help older people help themselves.

It can be so if one plans and prepares for his retirement with a little help, of course, from the Lord to keep us in good health, and some from Congress, if they quit spending our money, and stabilize the value of the dollar.

You see, I am on the other side of the fence now, Mr. Chairman.

When the day comes when age makes it difficult to move about, God willing, I hope that each and every one of us can follow the poem written by Sam Foss when he said:

> Let me live in a house by the side of the road where the race of men go by; the men who are good and the men that are bad, as good and as bad as I;
>
> I would not sit in the scorner's seat or hurl the cynic's ban; let me live in a house by the side of the road and be a friend to man.
>
> Let me live in my house, by the side of the road, it is here that the race of men go by; they are good, they are bad, they are weak, they are strong, wise, foolish, so am I.
>
> Then why should I sit in the scorner's seat or hurl the cynic's ban; let me live in my house, by the side of the road, and be a friend of man.

That is the way I look at retirement, Mr. Chairman. I think it is a new challenge.

I have prepared as best I can to meet that challenge, and I am looking forward to it.

Mr. ROONEY. When I was 2, back in 1927, you mentioned that you were thinking about retirement then. Did you buy that insurance plan?

Mr. SKUBITZ. I did.

Mr. CLAWSON. Do you still have it?

Mr. SKUBITZ. No, I couldn't afford it. In 1933 I had to drop it. I just couldn't keep up the payments on it. It makes me think of a lot of folks, young people that talk about their frustrations and desire, and old people that didn't make it.

I wondered if they planned to make it from the very beginning. It calls for sacrifices all the way along the line. But as soon as I could pick it up again, I picked it up.

When I came to the Congress of the United States, I missed on the first 5 years of my retirement. It was $1,800 a year. Going through law school, a wife and a kid to support, it was kind of hard to take up a retirement plan. But the minute I got a nickle ahead, I went back and picked up the 5 years.

So, it has all been a pattern of my life, looking forward to the new chapter we are beginning.

It is a period of aging as far as I am concerned. I want the next 72 years, that I can do the things I want to do for a change. I can do them, Mr. Chairman, if you will hold the line up here.

Thank you, Mr. Chairman.

Mr. ROONEY. We have $1.2 billion railroad bill coming up next week before the Rules Committee. I hope that you will look favorably upon that.

Mr. SKUBITZ. That is a good bill. I want transportation for us older people. You won't let us drive an automobile. You are getting the gas too high for us.

Mr. CLAWSON. Mr. Chairman, does that include a little card, a discount card for senior citizens, to use the train?

Mr. ROONEY. Some people live 20 or 30 years after they retire. I hope and I know that both of you will live that long.

Mr. CLAWSON. Mr. Chairman, I just want to live as long as Joe has lived right now, live to be his age.

Mr. SKUBITZ. Mr. Chairman, age is just a state of mind. Some people are senile at 35. Others have good minds at 90. I hope mine is still good. But before somebody tells me it isn't, I am getting out of here.

Mr. CLAWSON. Mr. Chairman, I have even been offered opportunities to get the old horn out again and start playing. So, I might do that, when I get back to California.

Mr. SKUBITZ. Incidentally, I used to play piano in a three-piece orchestra.

Mr. CLAWSON. I don't want to live in Kansas, but if you want to come out to California——

Mr. ROONEY. Well, thank you very much, gentlemen.

Mr. SKUBITZ. Good to be with you.

Mr. CLAWSON. Retiring isn't all that bad, Mr. Chairman. I will let you know in a couple of years.

Mr. ROONEY. Joe's retirement is going to make it a lot easier for me next year. Thank you again.

Our next witness will be Robert Benedict, the Commissioner on Aging from HEW.

STATEMENT OF ROBERT C. BENEDICT, COMMISSIONER ON AGING, ADMINISTRATION ON AGING, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. BENEDICT. Thank you, Mr. Chairman.

I am delighted to appear before you today to consider the impact of retirement on the lives of millions of Americans and the importance of preparing for this challenging experience.

In my remarks today, I will bring to your attention the dramatic demographic and social changes which are altering our view of retirement.

I will discuss the needs of retirees for meaningful retirement preparation programs, so that retirement is a more productive and meaningful period in the lives of older Americans.

Our understanding of retirement is changing. Retirement no longer represents a simple termination of one's working years. Increasingly it is a dynamic transition to a widening and more wholesome pattern of lifestyles and opportunities for older people.

Retirement is no longer a luxury enjoyed by a few, nor is it merely a period of idleness for those too old to work but too young to die. The segment of our population which is made up of retired persons will continue to expand well into the next century. Many people will enjoy 20 to 30 years of living after formal retirement.

Retirement is a relatively recent phenomenon. Around the turn of the century, few people lived to spend any appreciable time in retirement. Those who did grow old usually continued working and retained significant roles in the family and community.

With the advent of social security in the 1930's and the availability of formal and systematic benefits, retirement at age 65 became the norm.

Practitioners in the field of aging and retirees themselves now have come to understand that prolonged periods of enforced inactivity are unhealthy in physical, mental, and emotional terms.

Mandatory retirement is increasingly recognized as discriminatory, limiting individual freedom and causing undue hardship on persons who wish and need to continue working.

Dramatic social and demographic changes will affect the number of people who retire, the age of retirement, the length of the retirement period and the proportion of older persons remaining active in the work force.

These factors have far-reaching implications for retirement policy decisions and deserve mention again today. We are in the midst of a population transformation. We are changing from a younger society to an older society. In 1978 over 23 million persons, or 11 percent of the population, is over 65.

By the year 2030, when the children of the postwar baby boom are aged, it is estimated that about 57 million persons will be 65 or older. They will represent about 18 percent of the total population.

According to recent studies, more and more employees are retiring earlier. Thirty years ago, nearly one-half of American males over 65 remained in the work force. By 1975 their participation had declined to 21.7 percent. Today, about 48 percent of male retired workers started drawing their social security benefits before the age of 65.

There are an increasing number of persons in retirement. This may be partly attributed to those taking early retirement. It is also due in part to the increased longevity of the older population. Those persons who reach the age of 65 live, on the average, another 16 years.

The recent changes in the mandatory retirement age from 65 to 70 for many workers will have a yet unknown effect on retirement patterns in this country. Some sociologists are predicting significant changes in patterns of work.

Each generation of older people is more active and better educated. Economic and continued demographic changes may increase work opportunities for older people. The needs and desires of a whole new living generation will produce new demands and jobs.

Work and retirement in the future will be quite different from today. Those retiring in the future are likely to be increasingly capable of a meaningful and productive role in society.

Our growing awareness of these trends is reflected in the recent passage of the Age Discrimination Act of 1975 and the amendments to the Age Discrimination in Employment Act passed earlier this year, which raised the mandatory retirement age to 70 for many workers.

Hearings held by your subcommittee reflect further evidence of the growing seriousness of these issues.

The term "retirement" needs to give way to a more generous understanding of the emergence of alternative lifestyles involving new combinations of work, education and leisure in the broader context of living in the later years.

Indeed, the term "retirement" as we know it may be obsolete. I personally would not mourn its passing.

These continuing changes in patterns of work and living require a more creative approach to preparation for living in the later years. An approach which merely attempts to help former workers adjust to cessation of work and increased idleness is simply wrongheaded and will carry enormous social costs for future generations of older people.

We must move simultaneously in three critically important areas.

First, we must encourage and support the many trends already evident in our society which are developing new vocational, educational, volunteer, and civic roles and opportunities for persons in the middle and later years.

Second, we must undertake efforts to help older persons prepare themselves for the later stages of life.

Third, we must continue to attack pejorative attitudes and stereotypes which continue to limit our understanding of the rich potential of those living in their later years.

I am not endorsing increased opportunities for the elderly as a matter of simple altruism. We have always placed great value on the dignity and worth of individuals. We have always expected a full measure of work and self-support from all our citizens.

No other group holds these values more firmly than the elderly. They are eager to contribute their energy to support themselves and their families, and to contribute to the continued development of community life.

Pragmatically, however, we cannot as a nation afford enforced and unwanted idleness for 23 million older Americans in 1978, and almost 57 million in 2030.

Mr. Chairman, let me pick up on what we have been hearing just a bit.

I do agree with the Congressmen that probably the largest problem in retirement is one of attitude, the attitudes of individuals who are retiring as well as the attitudes of all of us who probably still carry around vestiges of narrowness in our perceptions about what older people are, and what they can be, and what life in the later years can be.

Mr. ROONEY. The way to go is the way the preceding witnesses are going.

Mr. BENEDICT. I think that is exactly right. If we can allow ourselves to imagine what we have accomplished in extending life as an enormous social good, and not a social problem, and if we can imagine how important and exciting it can be, how culturally diversifying it can be, to be adding, in effect, a whole new generation of living Americans to every aspect of our lives, whether it is in public service or whether it is as grandparents, or whether it is as citizens of the community, then that opening of the mind can do an enormous amount of good for retiring older people.

I think it can also be an exchanging experience for the community in which older persons live. We sometimes forget that.

The second point I would like to make is that we are not without some experience. Through programs administered under the Older American's Act by the ACTION agency, and by the Administration on Aging, and by the Department of Labor, as well as programs administered by the Action Agency there are now over 500,000 older people serving their communities as volunteers, in part-time jobs, and in an enormous variety of ways that help to set models for the future. We ought to learn more from these experiences.

There are also some very interesting experiments overseas opening our attitudes toward retirement. For corporations, it is not a matter of gratuity. I think it is in their own self-interest.

To cite one example, there is a company in Great Britain which set up a program, which was in essence a corporation within a corporation, which provided jobs, flexible work experience for those older people.

A few years later that corporation of older people within the corporation is offering several new lines of products and an unexpectedly high rate of earnings.

So, we must encourage business in this country and industry to be imaginative. They do not need to see themselves as doing older people a favor, but doing themselves a favor, and doing the country a favor, by opening up whole new dimensions of productivity and life experience.

Finally, with regard to retirement preparation itself, I would like to suggest that there is an opportunity, if we can imagine grasping it. We have in this country a declining younger population at the moment, and a declining birth rate.

In community after community we have public school systems with school rooms closing down, empty classrooms. There are teachers out of work.

It seems to me if we could imagine that life in the last 25 years is as important as life in the first 25 years, then we might be able to imagine a whole new dimension of the educational responsibility of our public school systems, that of helping older people prepare for retirement, and helping families to learn and understand how to care for a new generation of older people as well.

I think also of the enormous excitement that comes to my mind about the possibility that older people are not only in the classroom alongside children as fellow learners, but also as teachers of another kind, who bring the enormous experience and culture and background of their life to the educational process itself.

In closing, let me say once again, that I believe what we really need to do is set aside the word "retirement" in terms of cessation of work and understand it more as a process by which we all prepare ourselves for living in the later years. In doing so we will realize a much more wholesome kind of environment than we have had in the past.

[See appendix 1, p. 47 for Mr. Benedict's prepared statement.]

Mr. ROONEY. Thank you, Commissioner.

In my letter of invitation to the witnesses I posed three questions:

One: What needs should be met by any adequate system of retirement preparation?

Two: In such a system, what should be the relative roles of the public and the private sectors: Government—Federal, State and local; industry—labor and management; educational institutions and community based organizations?

Three: What, in your view, would be the most appropriate and effective ways of inducing today's young and middle-aged adults to prepare for security and fulfillment in their later years?

I would like to have you comment on these questions.

Mr. BENEDICT. I am not sure there is a single way. There are a number of national organizations that are beginning to make an investment in retirement preparation. One route certainly involves encouraging employers to be more involved and responsible in this respect, by making retirement preparation as important as work orientation programs.

Another route, as I have suggested, is the possibility that we understand retirement not so much as cessation of work, but as preparing for living in later years, and that we examine the enormous possibility of putting to work in another way the public school systems which we have created. We can try to use these systems as a way of offering all older people at the neighborhood and community level where they live and work the opportunity for broader educational experiences, which would include preparation for retirement.

I think these are important investments and are worth exploring substantially.

A colleague of mine a few years ago said something to me that I have never forgotten in this respect. It was very intriguing to me. He said:

> You know, when a veteran comes back from overseas, we recognize his contribution, what he has done for his country, and the benefit of what he has done, and we see in him enormous potential. Consequently we came up with a GI bill.

He said, "Perhaps what we need is a GI bill for older people." I am not sure the issue is the investment of large amounts of public money as much as it is looking at the opportunity that exists in our educational systems, and affording older people the opportunity to use them, to explore new dimensions of their life in later years.

Mr. ROONEY. What do you believe will be the major factor most likely to affect national retirement practices and policies during the next 30 years?

Mr. BENEDICT. Well, first of all in my judgment older people have the same right to aspirations for the future as the rest of us, and they carry an enormous reservoir of independence and determination. They are prepared to continue to work, to support themselves and to support their families.

Given the opportunity, and given changing dimensions of what work can be, I believe that there will be a shift in the decline of older people in the work force, and we will begin to see more older people in the work force.

Second, I cannot overemphasize the significance of the sheer presence of older people in the community. Every generation of older people from henceforth will be better educated, healthier, more involved.

I believe that their sheer presence in the community as neighbors, as fellow workers, is going to have an enormous impact on the attitude of that community about aging, and in and of itself will change the nature of retirement.

I don't think we should underestimate the impact of the change in the mandatory retirement law, or the report of the United States Civil Rights Commission on Age Discrimination.

I think all of these things have combined to sting our consciences a little bit about our perceptions and paternalism with which we have for too long looked at aging, and are going to change those attitudes.

So, I look at those kinds of things: The need for income, the inherent value in work and involvement that older people themselves have, their improved health and vigor, and perhaps a new dimension of the civil rights movement in this country, which begins to restore to older people a sense of equality in their personal and public lives.

Mr. ROONEY. Thank you very much, Commissioner. I appreciate the very great cooperation you have given this committee. I think Pennsylvania's loss in your coming to Washington is our gain.

Mr. BENEDICT. Thank you, Mr. Chairman.

Mr. ROONEY. Our next witness will be Ersa H. Poston, Commissioner, U.S. Civil Service Commission.

STATEMENT OF ERSA H. POSTON, COMMISSIONER, U.S. CIVIL SERVICE COMMISSION, ACCOMPANIED BY THOMAS TINSLEY, DIRECTOR, BUREAU OF RETIREMENT INSURANCE AND OCCUPATIONAL HEALTH

Mrs. POSTON. Thank you, Mr. Chairman. I am very pleased to appear before you today, to present the views and record of the Civil Service Commission on the subject of "Preparing for Retirement: Crisis or Challenge?"

Accompanying me is Mr. Tom Tinsley, Director of the Bureau of Retirement Insurance and Occupational Health in the U.S. Civil Service Commission.

In doing so I will attempt to address myself to those areas of interest to the subcommittee outlined in Chairman Rooney's letter of May 19, 1978.

For almost 20 years, the Commission has been concerned with exploring and developing programs to help Federal employees prepare for the changing economic status, health problems, increased leisure time, and shifting social and family relationships that accompany aging and retirement. We have also been concerned about the role Government, as an employer, should play in offering such programs. And we have some views on ways of encouraging the employee of today to prepare for the future—both financially and otherwise.

Ten years ago, the Commission employed Dr. Daniel Sinick of George Washington University temporarily for the specific purpose of studying the need for and effectiveness of retirement planning programs. Dr. Sinick's findings did not provide positive proof that retirement planning programs help employees adjust to retirement. He found that the vast majority of Federal employees do, in fact, adjust satisfactorily. However, there was sufficient support for planning programs in his report to convince the Commission that its prior policy of relative neutrality needed to be modified. Accordingly, the Commission moved to a much more positive posture of encouraging and assisting agencies to make preretirement planning services available to employees who want them.

In November 1974 the General Accounting Office reported on their review of preretirement counseling programs for employees of the Federal Government. The report reached the conclusion that the need for preretirement counseling had not been clearly demonstrated. They found that although a few individuals may have difficulty adjusting to a nonwork, retirement situation and suffer the phenomena of retirement shock, there was little evidence that this experience was very widespread.

They recommended that the Commission provide clear guidance on the nature and extent of preretirement counseling activities that should be available to all Federal workers, and the report suggested that they should go no further than insuring that each agency furnishes retiring employees with information about their retirement rights and obligations as stated in the Federal personnel manual.

The Commission responded that the policy of promoting and encouraging agencies to establish preretirement counseling services was purposely not made more extensive and structured because it did not appear that one specific program could be designed to satisfy the wants and needs of more than 2 million Federal employees. The Commission anticipated that the individual agencies would exercise initiative in developing programs that would meet the needs of their own employees. It was also expected that many agencies would go beyond discussions of the Federal benefit programs—retirement, life insurance, and health benefits—and delve into such subjects as budgeting, health, use of leisure time, legal

aspects of retirement, adjustment to the retirement environment, et cetera.

In fact, we have found—through onsite visits and other means—that many agencies do supplement the basic information provided to employees about their benefits. Preretirement seminars, which are usually aimed at employees age 50 and up and within 5 years of retirement, often include technical experts from the Social Security Administration, local banks, and hospitals or clinics. Other speakers may include retired employees and members of retiree organizations. A few agencies use commercially prepared booklets which are mailed to the residences of employees nearing retirement eligibility. These booklets cover a wide variety of general subjects, such as handling your taxes, and are prepared by topical experts.

Aside from our role in encouraging and assisting agencies to make preretirement planning services available to Federal employees, we have also responded to many requests from private industry; foreign, State, and local governments; educational and religious institutions; and private citizens about the nature and extent of the Federal Government's preretirement counseling activities. Other indications, such as coverage in journals, retiree publications, and the news media, are that more and more employers are providing retirement planning as an integral part of their overall employee services program. A recent study of over 400 companies revealed that 38 percent had a preretirement counseling program. The author of that study noted that this percentage was much higher than expected. Further, of those companies which had a preretirement counseling program, nearly half—45 percent—reported that they planned to expand the program.

With respect to the role of educational institutions, we are aware that a number of colleges and universities provide training in developing and administering a preretirement planning program. The Pre-Retirement Planning Center at Drake University, for example, has been in the forefront in training preretirement program planners for many years. Locally, the American University's Division of Continuing Education recently began a series of preretirement planning workshops.

There has also been a significant increase in the past few years in the number of private concerns devoted solely to the development or administration of package preretirement planning programs. The number of contacts with the Commission by these firms has dramatically risen, and we continue to receive inquiries from time to time from a new entrant in the preretirement field.

In terms of inducing today's young and middle-aged adults to prepare for their later years, we are of the opinion that this is essentially a long-term education process. Some experts on preretirement planning suggest that the process should begin during the formative, school years. Others feel that the 5 or so years before retirement is the proper time to inform employees of their retirement expectations. Our view is that this is a continuing learning process—starting with the initial orientation about the benefits provided by an employer, progressing to periodic reminders via informational issuances or group meetings throughout a career,

and culminating in formal seminar or individual counseling sessions in the years immediately preceding retirement.

We in the Federal sector admittedly are fortunate to have established, longstanding programs for both the financial and other less tangible aspects of retirement preparation. And I feel we can take pride in the fact that the Federal Government has been the pacesetter in this area. However, we are not content to stand pat on our past record. We will continue to review existing policy in this area, and make any changes that will assist employees as they advance in age in making decisions concerning retirement and make the transition from the workaday world into retirement life a smooth and satisfying one.

I wish to thank you for the opportunity to discuss these matters with you this morning. I will be pleased to do my best to respond to any additional questions or requests you or the members of the subcommittee may have.

Mr. ROONEY. Thank you very much for that very fine statement. I certainly concur with your statement on page 5, starting with the initial orientation about the benefits provided by an employer, continuing throughout the career of a Federal employee.

I think that is one solution to our retirement problems in this country.

In 1974 the GAO study which you cite in your testimony has been superseded, I understand, by a more recent study released by the GAO, on April 17 of this year, is that correct?

Mrs. POSTON. That is the one——

Mr. TINSLEY. We have not seen that study.

Mr. ROONEY. You are aware of it?

Mrs. POSTON. Oh, yes, we are quite aware of it.

Mr. ROONEY. It demonstrates, in my opinion, a positive correlation between adaptability to retirement and retirement planning. To quote directly from this report: "The less the preplanning for retirement, the poorer the postretirement adjustment."

What revisions does your Commission intend to make in its policies concerning the preparation of Federal employees for retirement, in view of the more recent findings by the GAO?

Mrs. POSTON. Well, once we have had an opportunity to review their total report, certainly we will have to put forth new initiatives toward implementation. As you know, we usually try to respond as forcefully as we can to those reports.

One of the things that we do know from our own activity in terms of trying to work with our personnel agencies, and through our interagency advisory groups, we have tried, as much as we have the authority to do, to lay out very strict guidelines as to how agencies may, within their own agencies, develop the kind of programs and preretirement counseling that fit the needs of that agency.

We do not try to be the superior one in terms of this at all. It has been responding, Mr. Chairman. In fact, I have some recent figures here that we have checked where in 28 agency headquarters right here in Washington, we have some form of preretirement counseling or planning program in those agencies. This includes what around here we call the so-called Big 20, plus 8 small regulatory agencies.

The Federal executive boards throughout the country, and where we are working in direct relationship with agencies, in the regions, we have found that there are joint preretirement sessions for all employees that are in those localities.

To illustrate this, the Federal executive board in New York, Atlanta, Chicago, New Orleans, and the like, they are trying to do a collective preretirement planning seminar-type thing where they can reach the largest number of people.

These initiatives have come from our small bureau in this area. Would you want to respond to any of this, Tom?

Mr. TINSLEY. No; I think you are doing fine.

Mr. ROONEY. Would you agree that the ultimate responsibility for the policies governing Federal civilian personnel is vested in the Civil Service Commission?

Mrs. POSTON. I think that the ultimate responsibility in all personnel matters should.

Mr. ROONEY. Why do you leave it to the individual agencies? I think that is wrong. I think it is far from satisfactory. Do you not believe that every agency of the Federal Government should be required to offer a program of retirement preparation to its employees?

Mrs. POSTON. Let me see if I am sure about this, Mr. Chairman. You would think, then, that the Civil Service Commission should provide the central service for preretirement counseling for all 2 million of our employees?

Well, we talk about trying to decentralize more authority to the agencies for their own individual initiatives. But I think it is something we would just have to be guided by your direction.

What has been your experience, Tom? You have been at this for how many years?

Mr. TINSLEY. The experience, Mr. Chairman—our previous experience, and the reason for the decision on furnishing guidelines encouraging agencies, attempting to assist agencies and decentralizing authority is the different makeup of the working population in the various agencies.

It would be practically impossible to develop programs that would fit the needs of each agency.

For example, the Postal Service. The makeup of that work force is entirely different than the makeup of the work force of an organization like NASA.

The approach to the employees in terms of their needs would be quite different, the type of information that they would need that would be most beneficial to them would be a little bit different.

So, the Commission's position, up to this point in time, has been to try and get the agencies to tailor these programs to meet the needs of their particular work force.

Even within agencies, to not necessarily give their professional employees, the same type of retirement counseling and approach and help that they would give their clerical and nonprofessional staff.

These are some of the reasons that the policy was left loose and flexible.

Mrs. POSTON. We just establish the guidelines. We do grant technical assistance. Also, we could do much in terms of tailoring the

types of seminars they have. So, we are not completely removed from them, Mr. Chairman.

It is just that the initial tailoring of the program we would think should be done at the agency level to their personnel.

Mr. ROONEY. But you do follow up on all of the agencies?

Mr. TINSLEY. Yes, we do run surveys of what is going on. We have recently completed some. Unfortunately, the final results and the analysis of what we gathered is not available today. It should be shortly, and we will be glad to furnish it to the committee.

[Material referred to not received at time of printing.]

Mr. ROONEY. I would appreciate that very much.

What do you feel will be the effect on retirement planning programs of the newly enacted legislation eliminating mandatory retirement in the Federal sector?

Mrs. POSTON. I would say that we shouldn't have any more difficulty than we have had previously in terms of planning for whatever that period is going to be.

I think it should be just an extension of the same kind of thing that we would have done if it was mandatory. I really don't think it should make any difference.

Mr. ROONEY. And you do favor the extension?

Mrs. POSTON. As I begin to progress in years, sir, I certainly do.

Mr. ROONEY. Thank you very much. We appreciate your cooperation.

Our next witness is Dr. Virginia Boyack, Andrus Gerontology Center, University of Southern California.

Welcome to the committee, Dr. Boyack.

STATEMENT OF VIRGINIA LEE BOYACK, PH. D., PROJECT DIRECTOR, PRERETIREMENT EDUCATION AND LIFE PLANNING PROGRAMS, ETHEL PERCY ANDRUS GERONTOLOGY CENTER, UNIVERSITY OF SOUTHERN CALIFORNIA

Dr. BOYACK. Thank you, Chairman Rooney.

I appreciate the opportunity to share some information that we have gleaned through our experiences and research at the University of Southern California, Andrus Gerontology Center.

As you requested, I shall summarize the statements and digress from the paper I have prepared.

Mr. ROONEY. Without objection, your statement will become a part of the record.

[See appendix 1, p. 59 for Dr. Boyack's prepared statement.]

Dr. BOYACK. Thank you very much.

You had stated there were three questions to which you wanted us to direct our attention in this testimony. I will do so.

First, what needs should be met by an adequate system of retirement preparation. From our findings and our experiences, we have found that an adequate system of retirement preparation must meet the diverse needs of the people with whom we are working in society.

They represent diverse experiences and diverse socioeconomic levels, as well as diverse age and ethnic groups.

The following are suggestions founded upon such a premise: A suggested system for retirement preparation should be founded upon a life planning concept and participation should be based

upon a lifelong learning concept—very similar to Commissioner Poston's remarks.

We suggest that there be an orientation program for each employee upon hiring, which would provide a foundation for life planning. It is also suggested that seminars be presented at regular periods and cover on specific topical areas, such as financial planning. Attempt should be made to attract younger people to participate in life planning, programs, especially financial options which may be provided through various benefit programs, or through IRA or Keogh plans.

Such suggestions are more carefully delineated in the compute testimony I have prepared for this hearing.

We also found in our research at the university that it was important in preretirement planning to look at the various socioeconomic levels. Many of the preretirement education programs existing throughout the United States at present unfortunately are geared mostly to a middle-class socioeconomic level.

We have experienced working with groups from under $5,000 a year to well over $200,000 a year.

It is important to meet the needs of each socioeconomic group. I am fully aware that there are organizations such as UAW, which are providing very fine programs for the blue-collar workers.

In general, however, what is available through public and private firms and institutions are geared more to such a middle group.

It is important, as you will note, that planning and prepartion for the future are geared to the many issues that we face in retirement living. Those issues range from financial aspects, to health and vitality maintenance, to use of time, and to self-fulfillment.

By use of time I am not talking about recreation alone. I am talking about the way people use the 30,000 hours they inherit upon retirement from formal employment.

We have developed a brochure, a copy of which you have, that is called "Planning by Objectives," I won't go into the various topical areas which can be read at another time. We have found that the planning-by-objectives concept works with every socioeconomic level and background.

[See appendix 2, p. 184 for brochure submitted by Dr. Boyack.]

Dr. BOYACK. It is important to recognize that we will be answering questions such as: Will I have sufficient annual income to provide for the type of lifestyle I want in retirement? What are some of the questions I need to ask in regard to my legal affairs? Have I established a long-range health maintenance plan? Have I reviewed my lifestyle and relationships in preparation for transition into retirement? What are my current interests and activities? What gives my life a sense of fulfillment? What concerns do I have about my own aging process? And have I developed a viable plan for my future?

To go back a moment to this issue about the aging process. We found that there is tremendous resistance to participating in preretirement education programs, whether those programs be conducted in the community, at educational institutions, or at the employment site. One of the reasons for such resistance may be that

people resist the whole thought of the aging process and, that an invitation to attend a preretirement education program may be one of the signposts of aging.

We found that the fears of planning for the future are often based upon the fears of our own aging process. So, if we can in many ways destroy the myths and stereotypes about the aging process, we may break down some of the resistance to retirement planning. We must reinforce the concepts, that in retirement we have the opportunity to be challenged—very much like what John McLeish has written about the Ulyssean adventure in life—the opportunity to explore new avenues and to open doors to new challenges.

You will note in the research cited in the prepared testimony that there is data supportive of the need for preretirement planning. We know that those who have planned well for retirement do indeed indicate a higher level of life satisfaction.

The provision of an adequate system of retirement preparation would necessitate both financial and retirement program presentation support from those agencies, organizations, and political institutions in a position of influencing decision by government, business, industry, union, educational entities, to offer such a system, or any part of such a system to individuals and to groups.

In response to your second question, sir, in such a sytem what should be the relative roles of the public and public sectors, government, industry, educational institutions and other community-based organizations? In general it is suggested that these entities work cooperatively in developing opportunities for individuals to explore the impact of the various transitions which may occur in the individual's life especially retirement preparation. It is important to recognize how such transitions may affect financial stability, mental and physical well being, familial and social relationships, and the dynamics of individual lifestyles. There are more specific suggestions made as we move through the prepared testimony.

As to your third question:

> What in your view would be the most appropriate and effective way of inducing today's young and middle aged adults to prepare for security and fulfillment in their later years?

Research indicates that exposure to life planning processes acts as a motivational force for individuals to seek additional information, to change attitudes about life planning and early retirement preparation, and to even change some patterns building towards a more positive lifestyle for the future. More definite responses to this question can be found in the prepared testimony.

We have some recommendations we would like to make in regards to preretirement preparations.

The intensive 4-year experience with the USC research model development training commitment and program implementation has provided data and experiences which provoke the following suggestions to the Subcommittee on Retirement Income and Employment:

One, it is suggested that attention be given to the increasing proliferation of retirement education and life planning programs and the increasing numbers of providers of such programs.

It may be wise to establish some guidelines for quality programs with stated objectives and some method of evaluation. There are indeed many fine programs. Nevertheless, unqualified individuals have been identified who have recognized the growing interest and saleability of preretirement education programs and are hoping to capitalize upon that need and the efforts of others.

I am going to take a moment to tell you a story which is very indicative.

I had two gentlemen recently arrive at my office who were very anxious to discuss preretirement education programs. After talking to them for a few minutes, something was crawling along my spine saying, "Something is wrong here."

I questioned the gentlemen, and talked with them, and found out that they were tremendously interested in providing a program on preretirement education in Las Vegas, Nev. They were tremendously concerned about the older people they had met in that community.

They had gotten a book off the library shelf and had prepared a program based upon an outline from that book. They already had 21 reservations at $310 a person for a 6-week program, 2 hours each week.

After questioning them further I found out that one is a blackjack dealer and the other, his uncle, is a used-car salesman in Las Vegas, Nev.

With all due respect to both of these professions, they were not qualified gentlemen to be presenting this kind of a program for people who were either anticipating retirement or already in retirement.

Mr. ROONEY. What was the outcome?

Dr. BOYACK. The outcome was I called the Better Business Bureau in Las Vegas and informed them these two "shysters" worked there. There wasn't much that the Better Business Bureau could do, and I called the mayor's office and told them this was occurring. The result was I never heard any more from either one of those agencies. Whether the gentlemen conducted the program or not, I do not know.

Another recommendation we have is a result of our research which indicates that most preretirement programs provide a 10- to 20-hour awareness building approach, necessary in helping people build a sense of what the future may hold. Further, our research and experience indicate that more must be provided. I have already referred to the seven-step retirement preparation approach we have developed, which appears in the prepared statement.

The PREP project experience indicates preretirement education programs are attracting significant numbers of persons already retired. Perhaps there needs to be what we call retirement living programs developed which can help these people resolve problems. We found that many of those participating in our public education programs had already retired and had not planned as well as they hoped to plan before the retirement. There is a need to provide some assistance for this particular group. A couple of labor unions are providing very fine retirement programs for their retired members.

Our experience also led us down the track of working with 110 high school students. I was intrigued as to whether our PREP model would work with a younger group of people. We worked with one group, predominantly low-income black students, one group predominantly middle-class-white school enrollment and one continuing school group representing low-income, multiethnic backgrounds. It was indicated through their enthusiastic participation that we had pushed a button and, that there is a possibility of intriguing young people to think about of life planning.

Another suggestion is related to the subcommittee's support for needed research in the following areas: (1) Appropriate structures, techniques, information and dissemination processes for retirement preparation for all levels of society; (2) Job maintenance and/or redesign for older workers; (3) Time use as it impacts on the mental and physical well-being of the aging individual; and (4) Methods by which linkage systems can be developed between labor, management, educational institutions and the individual, as such linkages relate to the subjects of age and employment and retirement preparation.

It is further suggested that the Subcommittee on Retirement Income and Employment assume a role of leadership in this emerging field of retirement preparation and life planning by supporting the need for effective and extensive programs in preretirement education for Government employees. This subcommittee can indeed become the catalyst for the sponsorship of such opportunities by Government agencies across the Nation, as well as for labor, industry, business, educational institutions, and community organizations and agencies across the Nation.

Frankl, in his book, "Man's Search for Meaning," states that "the striving to find a meaning in one's life is the primary motivational force in man."

That is the task, sir, awaiting all of us concerned and interested in the future of our young, middle-aged and older adults in the United States.

I will end my comments at this particular moment and be happy to respond to any questions.

Mr. ROONEY. You have alluded to the personnel policies of the Federal Government. Do you agree with what Mrs. Poston said about the U.S. Civil Service Commission's involvement in bringing to the attention of the various agencies in the Government? Do you think they are doing the job they should be doing?

Dr. BOYACK. I think they are doing the best job they could possibly do with the 2 million people with whom they must be concerned. I am sure they have drawn on fine consultants to give the kind of advice that will help in the development of their programs.

There is more that can be done; there is always more that can be done. But I am sure we are all concerned about the financial aspects and feasibility. The question is how best to provide an effective program with the least amount of cost—a cost which must go back to the taxpayer.

I would be hopeful that we could develop a motivation force which would intrigue individuals to do a lot of such planning on their own. There are programs provided through community col-

leges and universities, as well as through employers. I think one of our great concerns is that we do not seem to be able to intrigue people to think about their future. This is why I like the plan that Commissioner Poston mentioned. That preparation and planning happen on a periodic approach, from orientation on through the exiting process of the employee from the full-time employment.

Mr. ROONEY. In your opinion, to what extent do you believe the Nation's educators are recognizing the need for the type of life-cycle planning which you advocate in your testimony?

Dr. BOYACK. It is happening. I think there are a few unique institutions which are now working on the basis of what we call "life planning" concepts. We are switching from what we call preretirement—and I am not sure what preretirement planning means any more—to life planning concepts and program development.

If mandatory retirement is no longer in existence, then when does preretirement planning start?

Mr. ROONEY. Do you think the new attitudes toward death and dying which are emerging may also cause people to view aging in more positive terms and therefore make them less reluctant to actively participate in these retirement preparation programs?

Dr. BOYACK. Well, I think it goes further back than that. Death and dying programs do give us a handle, perhaps, on our own philosophy about death. There is a return of spirituality, however that might be defined by the individual. Frankly, we in our middle years probably are less intrigued by that topic than we are when we look in the mirror and see the evidence of aging and our own mortality before us each day, the graying hair and wrinkles and little brown spots appearing hither, thither and yon.

Mr. ROONEY. I never see those.

Dr. BOYACK. Well, bless you, I am afraid I do every morning.

This word "youth" is a very intriguing word. I am not using it as much in our programs as I used to. I think it is more a sense of vitality, the vitality demonstrated by the two gentlemen before us earlier. It comes from a sense of well being, a sense of self-fulfillment. If we can give people that sense, I think we are on the right track.

I had a gentleman sit with me the other day for counseling. He is 54 years old and thinking about taking early retirement in 6 months. I asked him what triggered his decision to go into early retirement at such an early age, and he said,

> Well, I have reached a point of stagnation. I have been sitting at the same desk for 20 years and watched people move up and around me. I have been looking in the mirror recently and saying, "Hey, fellow, you are getting older—what is your future?"

He has decided he is going to try a new adventure in life. This willingness to change was triggered by one of our PREP programs at Hughes Aircraft Co. The fact to highlight here is that there are many people in the middle years who feel that they are at a point of stagnation. Such a feeling may be held of the employing business, itself. I call this the mutual stagnation syndrome—and mutual disinterest in one another.

Unfortunately, this is happening in family life as well. We notice that there is an increase in the divorce rates in middle age—

perhaps another example of mutual stagnation. Appropriate life planning programs can help people revitalize their lives.

At a recent round table program, there were two people sitting at the table at which I was working. The last thing we do in our program is give people an opportunity to make a commitment to the future. As we went around the table, people were making commitments, such as: "I am going to go out and have a medical examination because I haven't had one for 6 years." Or something like: "We hadn't thought about all the options for living arrangements in retirement. We have to look around before we make the decision that will have long-lasting effects."

We continued around the table to a woman, who looked up at the group, and said: "You know, my husband and I are going to fall in love together again." He put his arm across her shoulder and said: "Marie and I haven't talked together for 10 years or more like we have talked together in the last 2 days. You have not only opened our eyes to one another but also our hearts."

I guess in many ways that is what these programs are doing is opening eyes and hearts to clearer thoughts and more positive perceptions about the future.

Mr. ROONEY. With reference to the statement on page 3 of your testimony, to what extent are preretirement preparation programs a form of anticipatory socialization?

Dr. BOYACK. In every way that you can think of, because when you are sitting there in a program you are experiencing anticipatory socialization. Now, of course, there are many ways of giving preretirement education programs, as our research indicated. For instance, you can listen to a lecture on the topic, with a person talking at you during most of the process. Our research indicated that attitudes, behavior and content information changed more significantly with what we call a "group dynamic process." If a person is experiencing questions and sharing experiences, knowledge and skill, we find that one can do a better job of anticipating what the future will be when having had the opportunity to explore that future with other people. In the group dynamic process there are more opportunities to exchange ideas, as well as establishing a solid foundation of information.

Is that responsive to your question?

Mr. ROONEY. Yes.

Dr. BOYACK. I think that it is definitely the method by which these programs are developed which will lead to the greatest change in attitudes and behavior about life planning as well as increased knowledge about retirement issues.

Mr. ROONEY. Thank you very much. You have been a very excellent witness, and we appreciate your testimony.

Dr. BOYACK. Thank you for asking us to join you.

Mr. ROONEY. Our next witness is Miss Betty Booker, Richmond Times Dispatch, Richmond, Va. You seem to have approved all of the previous witness' testimony.

STATEMENT OF MS. BETTY BOOKER, RICHMOND TIMES DISPATCH, RICHMOND, VA.

Ms. BOOKER. Yes, I picked out things I thought were interesting.

Dr. Boyack is right on the mark, because I found when I was researching a series of articles, which I am not going to go into in detail, that the Duke University and Michigan centers were the best sources of information in the Nation on preretirement planning.

But what I am going to tell you today is what I have learned from just listening, not only to the professionals, but to the older people about whom I write. I have found out what old people want most from society that they are not getting is a genuine respect not based on condescension and paternalism, but on the same opportunities everybody else has, for food, income—that with some degree of adequacy—housing, clothing, and transportation, and a few of those little unnecessary things like presents for grandchildren and an occasional trip somewhere besides home. They are not asking for much.

But for many of the retired people I have talked to, there is little in our society that gives them the tools for sound preretirement planning. For instance, in the research for that series of articles, I found that thorough, and the emphasis is on the word thorough, preretirement planning programs are just not to be had in this Nation.

The University of Michigan found in a series of studies they did that only about 50 companies in the Nation really offer a good preretirement training program despite the 1974 laws, and they also found that only 25 percent of the Nation has a savings of any kind. That is pretty poor.

The banks which have financial consultants, and not all of them do, while they say they would be willing to help low income people with their retirement or even lifetime financial planning, the fact is that they are not consulted by the vast majority of retiring Americans or people at all stages of life. They just don't come in. Very few grade and high schools offer any sort of basic household family financial planning, which, when you think about it, is a good way to contribute to marital discord between financially ignorant husbands and wives. It is the No. 1 source of argument, marriage counselors say.

Mr. ROONEY. I agree.

Ms. BOOKER. So do I.

If the groundwork were prepared early on in the marriage, retirement income planning could begin from a lifetime base instead of the current practice of not planning at all or at the last minute. In my opinion, which is based on my research and my conversations, actually listening is more accurate since I am a reporter, to the older people about whom I write, an adequate system of preretirement education would include not only thorough money planning but also a consciousness-raising about the aging process itself. Far too many people in the younger age brackets act like aging is something that happens to somebody else until they begin to notice a few gray hairs and wrinkles.

It is interesting to note, also, that the Virginia Commonwealth University's continuing education periodically offers courses in family financing and housing and preretirement education, and nobody shows up, and they have to cancel the course. It is a very interesting indication about the need that is there.

The program would also include an indepth discussion on health and health care, the secondmost worrisome aspect about retirement, housing alternatives, which are very expensive on limited incomes, important legal issues that affect older people, and how to make the most meaningful use of the 3,000 or more hours a year a retired person has that were formally occupied by work.

However, it appears the current attention to the retirement problem is often being diverted from providing fundamental everyday tools people can use throughout their lives to prepare for retirement. Ideally, programs on preretirement planning should begin from the time the person enters the work force, if not sooner, when the future workers are in school. The reticence on the part of young and middle-aged persons to face the inevitable is an indication that much joint public and private cooperation has to be undertaken immediately.

To me what appears to be needed is some sort of widespread educational campaign which may sound simplistic, but we are dealing with such a fundamental need that it has to begin there with knowledge. And although your political views may be contrary to this and the Federal budget limited, I have a feeling that the major thrust for this education is going to have to come from the Federal Government in the form of some well-placed grants to the few genuine preretirement experts so that the information distributed will be adequate and accurate.

Mrs. Boyack referred to the con artists. It is unbelievable the number of books that come across my desk that are nothing that anybody could possibly use in sound financial planning or even an understanding of the aging processing itself. These educators, which probably would have to come from the three main centers on gerontology in the Nation could train State and local governments, management, educational systems and community-based organizations like churches or senior centers or even younger Jaycees, people like that, in the how-to's of retirement. Once these systems are educated, I think they are going to see that it is to their benefit, financial and otherwise, to support these systems, themselves. Their ignorance is appalling. Management ignorance is appalling, as well as the man on the street. They don't understand it, and they don't want to think about aging in any form, and retirement is a form of recognition, personal recognition that you are, in fact, going to die someday, and this is part of the process. It has been viewed as the last step; you know, when you retire, you have one foot in the grave. The meaning of old age needs to be enhanced.

I guess it is sort of like the dentists' keep-your-teeth-clean campaign. It is beginning to work, dentists tell me. And in this program I am talking about, the specialists would help call the public's attention to the whole aging concept, and the need for preretirement planning.

Now, the people out there, the older people, are saying that increasing the mandatory retirement age is really great, but it is not going to do away with these prejudices held by an uninformed population, and I don't think that business or government or the young can afford to ignore it any more.

I would be glad to answer whatever questions you have.

[See appendix 2, p. 192 for booklet entitled "Retirement, End of the Rainbow or End of the Road?" by Betty Booker.]

Mr. ROONEY. Thank you. Tell me something about your background, Ms. Booker. You are a reporter for the Richmond Times Dispatch.

Do they have a section dealing with older citizens?

Ms. BOOKER. I am one of the few reporters who specializes in aging. I also specialize in mental health, but this is a rare bird in journalism.

Mr. ROONEY. It certainly is. I have never seen it before. Do they have a special section ?

Ms. BOOKER. No; I am the special section. I regularly follow issues on aging. Actually, the fact I write about mental health coincides with aging and the philosophy of aging very well, because when you write about how people view themselves and the trends and the basic concepts, you have to deal with the fact of living and the problems therein. But there are few people like me, and it is really due to the editor and the management being interested in such a concept.

Mr. ROONEY. In your third article on retirement entitled "Financial Planning," you write that retirement counselors at the University of Michigan advocate maintaining an emergency savings account for major illnesses, unexpected expenses and other out-of-pocket drains on retirement that is 2½ times your annual income.

In your opinion, given the current cost of living rate and the rate of inflation, I wonder if you would tell the committee if you believe this is a reasonable expectation for the average guy on the street?

Ms. BOOKER. No; I don't even think it is a reasonable expectation for people who make a quarter of a million dollars a year. I think they are going to have a really difficult time maintaining that much money. If 25 percent of the Nation is not saving any money at all and only about 63 percent have any savings, which have decreased, according to the University of Michigan, and the rest won't tell, obviously 2½ times your income is going to be impossible for most people. But that still is ideally what it might take you to live all that time, you see. If you have no income, you have to live on something.

Mr. ROONEY. Well, with the growing limitations on our traditional sources of income, and I am talking about social security, private pensions, individual savings, do you think that the Government will be forced to assume more responsibility in this area?

Ms. BOOKER. I hope not. I really do, because I think that people have to face their own responsibilities of control of their own lives. You can't look to big daddy for all the money. But the thing is that the education is going to have to come from an awareness of the need to take control of your own life. I think too many people just coast all through their lives.

Mr. ROONEY. I agree with you, and you have been a fine witness, and I appreciate very much your appearance here today.

Ms. BOOKER. Thank you.

Mr. ROONEY. Do you know Dr. Boyack?

Ms. BOOKER. We have met.

Mr. ROONEY. The way Ms. Booker was shaking her head, Dr. Boyack, I thought she wrote your testimony.

Our next witness will be Mr. John D'Agostino, Older and Retired Workers Department, United Auto Workers, Detroit, Mich.

STATEMENT OF PAUL A WAGNER, COMMUNITY ACTION DEPARTMENT, UNITED AUTOMOBILE, AEROSPACE, AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, ACCOMPANIED BY JOEL L. OLAH, PH. D., CONSULTANT, RETIREMENT PLANNING PROJECT, RETIRED AND OLDER WORKERS DEPARTMENT, UNITED AUTO WORKERS

Mr. WAGNER. Mr. Chairman, because of the illness of Mr. D'Agostino, he will not be able to appear here, so I am taking his place.

I am Paul Wagner, of the Washington Legislative Office of the Auto Workers Union, and I am on the Community Action staff, and joining with me is Dr. Joel Olah, who is a consultant to our Retired and Older Workers Department in Detroit.

Mr. ROONEY. I trust you heard the statement made by one of the witnesses saying the auto workers had one of the finest retirement preparation programs in the country.

Mr. WAGNER. Well, we heard the statement, and I think it is flattering, perhaps we had better hold it aside for the moment, because I don't think we have reached the ultimate goal in pre-retirement education.

I would like to start and summarize generally by saying that in the Auto Workers Union we do have 350,000 people on retirement at the present time. This means that there is a tremendous group of workers in our union now heading into the preretirement years. Our union is 1½ million strong and preretirement education has been part of our program for perhaps 20 years or more, from 1957, when the first retirement programs began.

I believe the UAW people, our workers, retire to something and that we do have through our retired workers department, a staff who are equipped to service the retired members of our union who have organized their own retirement chapters. We have a community action staff of 40 people; we have an education staff of 40 other people, so perhaps as many as 100 full-time staff people can at some time be involved in pre-retirement programs. We have been a pioneer in our union in these programs and services for older workers, since we formalized it in a convention resolution that we passed back in 1957.

But even these programs certainly are not adequate to meet the needs. We need more comprehensive type programs delivered to the community scene, and we also have a special need to develop specific programs for blue-collar workers and that segment of the population.

Joel and I were talking. We are, I think, from our testimony, as you will see, sort of coming from an urban perspective, because two-thirds of the UAW membership are just in four States—Michigan, Ohio, Indiana, and Illinois.

Mr. ROONEY. How about Mack Truck in Allentown, Pa.?

Mr. WAGNER. We have about 100,000 in Pennsylvania, so we are making progress. But the thing, too, is it seems to me that with the delivery of programs to the community scene, it just can't be to the urban areas, and I am thinking of a lot of people such as our

members in Detroit who are now going back to Kentucky and Tennessee and other places, and I hope they are not so far out of touch with programs that they will be bypassed.

We do need programs that should be available to all people in the community and not just to workers in a given industry. So, therefore, education, government, industry, and the community should have organizations that must cooperate in program development.

We also need to look at the opportunities for time off, and this, I think, is one of the issues that really leads into pre-retirement awareness and preparation. In our own union we do have a developing program. We have in the union the personal time off which has taken the form of formal time off the job, extended through vacations, through phased retirements and shorter workweeks, and also I think this sensitizes the worker to prolonged periods of leisure. An individual worker may experience certain changes within the family unit when all its members are exposed to increased amounts of time together under a new leisure situation. Recently, in 1978, the UAW and the auto majors, the auto industry's Big 3, established a paid personal holiday program which allowed the workers to take several paid days off at regular monthly intervals each year.

In the agricultural implements industry the UAW has successfully bargained for preretirement leave time for workers with the necessary seniority. Eligible workers are allowed up to four weeks of paid preretirement leave in order to make a successful transition to leisure time and to plan their retirement activity.

Other industries, several academic institutions, and a few government agencies have experienced a good deal of success with phased retirement plans. Phased retirement allows the individual to gradually withdraw from the active labor force by increasing time off the job, by the hour, by the week or by the month.

We also think from the UAW point of view, there should be self-development programs, that is, career planning; there should be community investment programs of a social nature and also, as we have found, there is a great awareness and great activity by our members in political action.

There should be organizational restructuring, that is, horizontal rather than vertical structures of organization, in order to involve the younger worker in planning for security for the later years.

We have a more comprehensive statement which has been submitted.

[See appendix 1, p. 79 for prepared statement of Douglas A. Fraser, president, International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America.]

Mr. ROONEY. Your statement will become a part of the record, and you have given a fine summary, Mr. Wagner.

Mr. WAGNER. If there are any questions, we would be glad to respond to them.

Mr. ROONEY. I have just a couple of questions. How many retired UAW employees are there?

Mr. WAGNER. Approximately 350,000.

Mr. ROONEY. What is the average—of course, it depends on how many, but take an individual with 25 years of service, what is the average pension benefit?

Mr. WAGNER. Beginning October of 1978, I guess it will be $700 a month. It is $650 a month now, and it will be $700 beginning this coming October. The average age for our retirees, I believe, is 57 and a fraction; 57 years, so the trend has been—I believe the figures are here in the testimony—downward, so that persons relatively young in years are taking retirement.

Mr. ROONEY. In your testimony you point out that in this country we lack a coordinated network of community base service delivery which could provide retirement preparation at the community level.

I would like you to tell the committee how we can solve this problem.

Mr. WAGNER. May I defer to you, Joel?

This is Dr. Joel Olah.

Dr. OLAH. I think in order to respond to that question you have to take a look at what is now available in the community. As I say, labor unions have been involved to some degree in retirement planning. Educational institutions to a degree have also been involved. National studies indicate that some industries have been involved, but the critical element here is the quality of the programing that we have and not the quantity. We feel that retirement planning programs generally have been very poor in quality over all, and it has been the exception rather than the rule where we find comprehensive-type programing being provided to all segments of the working population.

We talk about retirement planning programs in some of the industries, which restrict attendance to salaried employees and exclude the blue-collar, hourly employee. This has been a problem, which we hope to rectify. The problem is how far do we go in the community? Who do we train as cordinators of a given program? We have to cooperate. That is the ultimate answer to this question. We need the cooperation of institutes of gerontology which do have experts in the retirement planning, few though they might be. These individuals added to the legion of resource people available in governmental circles—here we talk about social security, Department of Labor, and so forth—coupled with the experts available in industry, and various community-based organizations who might have a given expert in some area or other; these resources could be combined into an effective framework for service delivery. Retirement preparation programs could then be developed by these persons within the community who would deliver these services directly to the population.

At the present time, the UAW and its Retired and Older Workers Department are hoping to be funded through either the Administration on Aging or the Office of Education, for a 3-year project to demonstrate how we can deliver these services not only to our own people, but to deliver them to a national blue collar sample. We hope that we may get a favorable review and proceed on this program in the very near future.

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Ultimately it is cooperation between all segments of the work force which will deliver retirement preparation services where they are most needed, and that is to the community.

Mr. ROONEY. I wonder if you would comment, Dr. Olah, on the emergence of more flexible work patterns which will make retirement a less traumatic event for most people.

Dr. OLAH. Exposure to increased periods of time off, and whether this time be spent with the family or applied to opportunities for community service, can change an individual's perspective and may lessen retirement trauma. Leisure time is a qualitatively different time than work time for individuals, whether we talk about people taking 6 months off, at one time, taking 1 month off for 5 years or reducing the workweek down to 30 or 35 hours per week. Participating in flexible work patterns, may change living patterns. Given these leisure opportunities, workers may become more aware of the changing interactions within the family. Some may decide to devote more time to the shaping of the family unit. We are now experiencing a trend in this direction.

We talked earlier about phased retirements. This is a practice in some industries at the present time. Some universities are also adopting phased retirement policies which give the individual an opportunity to experience leisure time, and not just for a few hours, but for a considerable length of time. Our own workers have an option on the paid holiday plan where they can take almost 8 months off before they retire—given the necessary seniority—in order to explore their plans for retirement living.

We have a Florida village operation which allows our retirees, before they do retire, to go down to Florida for a given length of time, remain at this complex for a very reasonable amount of money and explore the available retirement living arrangements in the State of Florida.

Mr. ROONEY. Is that sponsored by your union?

Dr. OLAH. That is sponsored by our union, and it has been in operation for some time and has been extremely popular with our members. We feel if we can expose individuals to the type of living arrangements and make them aware of what conditions lie outside the workplace, we would be performing a vital service. We do not attempt to tell our members how to live the rest of their lives, we only attempt to bring them to an awareness of what may lie ahead.

Mr. ROONEY. Do you think this will be unduly prejudicial to the employment opportunities for the young people?

Dr. OLAH. Hardly. I think this will increase opportunities within the labor market rather than reduce opportunities for all workers, regardless of age.

Mr. ROONEY. Thank you very much. I appreciate your appearance before the committee.

Mr. WAGNER. Thank you, Mr. Chairman.

Mr. ROONEY. Our next witness is Gene Fisher, Older and Retired Workers Department, United Steelworkers, Washington, D.C.

Welcome to the committee.

STATEMENT OF GENE T. FISHER, STAFF REPRESENTATIVE, UNITED STEELWORKERS OF AMERICA

Mr. FISHER. Thank you, Mr. Chairman. My statement is very short. Would you permit me to read it, please?

Mr. ROONEY. Sure.

Mr. FISHER. Mr. Chairman, I am Gene Fisher, staff representative for the United Steelworkers of America's Older and Retired Workers Department. I welcome the opportunity to appear before this subcommittee to discuss with its members the union's role in preretirement education.

The United Steelworkers of America has contributed significantly to the increased longevity of its membership. Improved pensions, health benefits, safer working conditions, and flexible retirement plans enable steelworkers to enjoy a longer, healthier, and more productive life in retirement. Because of present and future improvements, many of our members will be able to live 10, 15 years, or longer, in retirement. As workers retire at earlier ages, they can expect to live, and hopefully enjoy, an even longer life in retirement.

Although America is traditionally a work-oriented society where full-time leisure is not viewed as socially desirable, nonetheless, our members look forward to the day when they can leave the mill or the plant for the last time. The employee's decision to retire from industries under contract with the USWA is a personal and voluntary one, since, for the most part, there is no mandatory retirement contract provisions covering rank-and-file members. Thus, the trauma which is sometimes associated with having to leave the work force after developing a lifetime of work habits affects our members to a lesser degree than employees in service and white-collar trades. On the whole, steelworkers welcome the opportunity to retire from their hard, strenuous jobs. They welcome the release from the physical and mental pressures which accompany them.

The United Steelworkers of America has long held the position that improved pension and health insurance plans are insufficient in assuring retired steelworkers a successful and rewarding life in retirement. It views preretirement education as an essential program to help older employees plan for their retirement and not merely to adjust to it. Preretirement education affords the opportunity for older workers to explore the alternatives to retirement and how retirees can still be productive and constructive contributors to society and their community.

Despite the fact that preretirement education is a relatively young field, the union, on the local level, has extended some form of pre- and post-retirement counseling since its inception in 1942. The kind of preretirement counseling offered the steelworker nearing retirement was of a limited variety. Preretirement counseling was, and to a large extent still is, limited to informing the prospective pensioner of his or her retirement benefits such as union-negotiated pension, social security, and medical and hospitalization insurance. The union provides this limited counseling service out of responsibility to the membership.

In 1955, the USWA recognized that a more formal and comprehensive approach to retirement planning was essential. It was necessary to go beyond just the financial aspects of retirement. The

union commissioned the University of Chicago to develop a comprehensive preretirement educational program. The program that was developed enabled the employee to plan for the significant change in his lifestyle that he or she would experience in the transition from full-time employment to life in retirement. That early program resembled many of the preretirement programs being developed and produced today. Pre-retirees participating in these first programs were oriented to the psychological aspects and learned of others' perceptions and misconceptions of aging and retirement. Financial and estate planning, leisure time, nutrition and health, interpersonal relationships, housing, and union and community service opportunities for the retired worker were the major subject areas covered. The program was quite advanced for its time.

Presently, the USWA makes available to its local unions two preretirement programs: One which uses the lecture-seminar approach, the other an audio-visual program which is supplemented by group-discussion sessions.

The USWA has been a pioneer in the field of preretirement programing. Despite our advancement in the field, however, not every local union utilizes the programs which have been developed for its membership. In order to encourage more widespread utilization of the programs, the USWA will, in the near future, embark on an educational campaign aimed at convincing local union officials of the need for and importance of developing local union programs. Although this is an important step in seeing that more of our members are exposed to such an educational program, it is not enough. To assure that our members are afforded the maximum opportunity to better plan and prepare for their retirement, the union, sometime in the future, must jointly cooperate with management and other community agencies to provide such an educational benefit to older employees. A preretirement planning program should be directed at those employees who anticipate leaving the work force within, at least, 5 years. Additionally, the program should be presented during working hours at no cost and no loss in pay to the employee as a means of promoting maximum participation of the employee and his spouse.

Mr. Chairman, before I conclude my remarks, I am aware that I have not addressed all the questions to which this subcommittee has sought recommendations and answers. I hope that during the question-and-answer period which will follow, I will be able to supplement the written testimony more specifically.

Thank you, Mr. Chairman, for allowing me to appear before you today.

Mr. ROONEY. Thank you.

Mr. Fisher, how many United Steelworker employees are retired now?

Mr. FISHER. I can't give you an exact figure. We have a conservative estimate based on our list of 240,000.

Mr. ROONEY. What is the average retirement income?

Mr. FISHER. It would be between $8,000 and $9,000, a year under the new contract.

Mr. ROONEY. That is similar to the UAW?

Mr. FISHER. Yes, sir.

Mr. ROONEY. What additional incentives should the Government provide to encourage older Americans to remain in the work force?

Mr. FISHER. First of all, it has already done so—Social Security reform, increasing the benefits for each year retirement is postponed beyond the age of 65. I don't think that is going to deter unions from negotiating better benefits to allow employees to retire earlier, if they so wish, but I think an attractive financial incentive designed to keep older workers in the work force is the main ingredient.

Mr. ROONEY. I have a couple of questions here from the Minority.

What kind of a response have you seen from your union members who have participated in your preretirement programs?

Mr. FISHER. I don't have any empirical data, as such, on some of the pre-retirement programs that are existing now. There have been some studies which were done quite long ago, back in the early 1960s, which showed that when the employee was given time off the job at no loss in pay, that he was better motivated to attend preretirement sessions, and was more likely to bring his spouse with him to the sessions so that a person was exposed to the whole preretirement program which was offered.

We found out when we offered preretirement educational programs on a local union level, where a person had to volunteer his own time to go to one of the sessions, the response was not as great, participation fell off, and this is the reason why we feel like we have to have it on company time for the greater motivational effort.

Mr. ROONEY. Do you follow up on your retirees?

Mr. FISHER. We do on the local union level. Not in a formal way. This is something which we are working on now in some areas, to see if these people are making it, how are they adjusting, what plans are they making to compensate for any maladjustment problems they have encountered. This has only been taking place in some areas in Michigan and California.

Mr. ROONEY. They are very active in Pennsylvania, in my district. My house overlooks the blast furnaces of the Bethlehem Steel Corp., and two blocks away is the United Steelworkers hall, and the retired workers meet once a month. They have a big luncheon and an annual dinner, and let me tell you, those United Steelworker retirees have gotten many of the politicians straightened out in that district.

Mr. FISHER. Yes, sir.

Mr. ROONEY. Including the one speaking.

Thank you very much; we appreciate your testimony.

Mr. FISHER. Thank you, sir. I do appreciate the opportunity.

Mr. ROONEY. As I said, the committee would adjourn from 11:30 to 2:30, but one of my colleagues is en route, so the committee will stand in temporary recess.

[Brief recess.]

Mr. GRASSLEY [presiding]. We will now call Ernest D. Bauer from the State of Connecticut for our next witness. Welcome to the committee, Mr. Bauer. You can proceed as you normally would. I don't think we have any restrictions on how we have been proceeding, so proceed as it would best fit your desires.

STATEMENT OF ERNEST D. BAUER, PRERETIREMENT EDUCATION DEPARTMENT, STATE OF CONNECTICUT, HARTFORD, CONN.

Mr. BAUER. Thank you, Congressman Grassley. I appreciate the opportunity of addressing this committee on an issue which has been one of my deepest interests for many years and in which I am still very much involved. Although I am currently district manager of the Waterbury, Conn., Social Security Office, it should be clearly understood that I am speaking as a private citizen and lending my experiences about preretirement without any commitment from my agency.

I have been involved in preretirement and the need for preretirement preparation since I started working for Social Security. People who were being compelled to retire would come into the office and sit at my desk in a complete state of shock. Often they would break down and cry and ask what they could do with themselves, what was going to happen to them. They had not anticipated retirement. They had not prepared for it, and they resented, very deeply, being cast on the scrap heap.

One of my claimants committed suicide within 3 months after he had sat and talked to me. I felt a need for the ability to identify the difficulties which the retirees were encountering, and to find ways to prevent or relieve the traumatic experiences befalling them.

The most effective program that I came upon was the group discussion or the preretirement seminar approach. When I came to Waterbury, and attended the Scovill Manufacturing Co.'s preretirement seminars as a resource person, I knew I had found the package that I had been looking for. The Scovill Co. started their program sometime around 1963–64. The employer and the union, UAW Local 1604, cooperated in presenting these programs. They had joint discussion leaders at the seminars—one management person, one union person. The company and union shared the costs.

This program was developed by Prof. Woodrow Hunter at the University of Michigan Department of Gerontology. Its basic format is now characteristic of most preretirement discussion seminars. It deals with such subjects as the definition of work and retirement; how to maintain physical health; problems created with family and friends, and related mental health problems that would arise as retirement adjustments had to be made; also discussed are, what kind of housing would be needed, how to plan to move, where to move to, and financial planning—social security income, company pension, other sources of income.

These are 2-hour seminars, with one seminar held each week. We found that during these programs there was a jelling, or a coming together, of the group. They frequently started as complete strangers and as isolated individuals. Gradually they would participate, exchange thoughts, plans, and fears. We had resource people at each of these programs—a doctor and a public health nurse on health, a psychiatrist on mental health. We also had experts who discussed private housing, public housing, and condominiums, and congregate living arrangements. As the programs came to an end, we usually had solid groups working together, talking together,

and supporting each other. They had gained confidence and developed constructive attitudes toward retirement.

Let me say this: The attitude of most workers now is not one of fear of retirement. In contrast with workers of 15 years ago, they look forward to retirement. Most can't wait to retire. But often the workers don't anticipate the full impact of retirement. Many experience unforeseen difficulties and problems, particularly during the first year away from work.

So, preretirement preparation is designed to open the door in advance to life in retirement, to expose the problems, to consider the advantages, and how to resolve and plan for a successful retirement.

As a result, many of the stresses and the breakdowns that occur during the first year of retirement are avoided.

Now, as to the extent of relief provided, I don't have data. I cannot tell you what research indicates about the numbers of people that have had their lifestyle improved by these programs. But from my experience, I can see that they do go into retirement less fearfully.

I propose to use this well tested program to meet the needs of the many millions of preretirees who are now beginning to face the prospect of life in retirement.

I estimate that there are approximately 21 million people in the group between the age of 55 and 64. In Connecticut, there are around 300,000 persons.

The programs that are now in existence don't really scratch the surface. They reach only an infinitesimal portion of the preretirement age group.

In November 1975 I was assigned by Social Security to direct preretirement education for the State of Connecticut, Department on Aging. In a little over a year and a half, programs increased from about 47 to over 80 preretirement education programs throughout the State.

We still brought programs to only about 3,000 people, as against the 300,000 people who were the potential consumers of preretirement education.

I believe we have to devise new approaches to reach the mass of people and help them over the retirement hurdles. Although mass media presentations lack the impact of individual group seminars, we can still utilize a form of group seminar approach through a televised program.

For example, I suggest that we devise 1-hour seminars to be televised on prime TV time. These seminars would be group discussions run exactly as we do our in-house programs. They would have discussion leaders, resource people, and actual preretirement participants on the air. They should also incorporate the great decision program format.

A week before a phase of preretirement would be televised, we would publish in the local newspapers an article that would thoroughly summarize the subject matter scheduled for discussion on the air.

We would also encourage the formation of individual discussion groups throughout the communties to meet while the programs were broadcasted. These groups would listen to the resource per-

sons and the televised discussions. They would be able to phone in questions, and then carry on full discussions after the broadcast.

In this way we could reach many thousands of people within each area. I don't suggest that this be a permanent type of program. I believe this would be an emergency device to reach those who are approaching the brink of retirement without preparation.

Once we have the huge backlog helped on their way, our major concern would be the group arriving at age 55, or younger people if that age group could be engaged. We could manage these smaller but still considerable groups through our local preretirement education programs. I would suggest that we organize these through the Social Security Administration.

We have 1,300 offices around the country with many that are already involved in preretirement. Every seminar on retirement income calls upon Social Security to provide resource people. With some training, Social Security personnel could help organize retirement preparation programs in all the service areas throughout the country.

Their training would emphasize two phases:

One: Community organization to start preretirement programs.

Two: The training of discussion leaders.

These discussion leaders would then carry on in-house programs at various plants, in service agencies throughout the city and in adult education and wherever there was an interested organization. We could develop a network capable of meeting the great need.

The next step would be to create a permanent, as I see it—and this I have had experience with—local preretirement committee.

The purpose of this committee would be to assure the continuance of the programs we have launched. To illustrate my proposal: Last fall I was approached by the CAP-UAW representative to the local United Way. He had made contact with one of our large employers, the Timex Corp. They wanted preretirement on an experimental basis.

Under my guidance and supervision three concurrent preretirement education programs were conducted—75 people attended our evening programs. Wherever possible we encouraged the attendance of married couples because the problems of retirement are not just those of the retiree. Evening programs were more convenient for both members of the family.

The spouse also has to adjust, due to the changed relationship, the amount of time the other partner is going to be home, and the change in their lifestyle caused by the drop in income usually experienced in retirement.

We completed the seminars in December 1977. Word got back to the other Timex employees that our programs were good, effective, and brought useful information. We started getting calls from other employees who wanted more programs. Then management approached us about providing more preretirement preparation programs.

Well, I had spent many hours organizing, setting up, conducting, and supervising these programs. I just could not continue to spare that time from my official duties. Preretirement is not my main business, although sometimes I feel that it is.

So, I devised a plan to train Timex people as discussion leaders able to run their own programs. In my plan, other companies in the community would be invited to send people for training. They would then be equipped to run in-house programs at their own company sites.

We are going to start this training program next fall—in early September. We have been approached by seven other companies so far, and some University of Bridgeport graduate students. We will expect total attendance to reach about 35 people. They will be trained as discussion leaders, whose mission will be to spread the programs around throughout the area.

This approach is innovative and constructive, with low cost and high yield. We are dealing with the possible. I can do it, other managers can do it. We have a feasible method for bringing this much needed program to the country.

Thank you.

Mr. GRASSLEY. Thank you very much.

You are acquainted with both private sector programs and public sector programs for preretirement education. Do you have any feeling about which ones would be better and, if so, why your characterization of the one is better?

Mr. BAUER. I think they have to be partners. I don't think it should be an effort of one sector or the other sector alone. I think the Government can act as a catalyst in exciting and creating the interest in these programs and bringing training programs, bringing literature, bringing materials to be used.

I think industry and labor have long sought ways to launch preretirement programs—this is nothing new to them. More and more employers are realizing the need for preparing their people for retirement. They also are aware of the excellent employee-employer relationships that develop through this demonstrated concern for their employees. The unions certainly—many of the unions have been pioneers in preretirement education.

So, I think if we put all of our heads together—we have, for example, as I said, in Social Security a tremendous network that can reach out throughout the entire country, into every community. They can help sponsor and organize preretirement planning programs everywhere.

I don't think Social Security personnel should run the programs. I think it becomes the responsibility of the individual companies or the community agencies—the YWCA's, adult education departments, the community colleges, and so on—to take the ball and carry it. But I think Social Security can help start the programs. Our role should be limited to that of the catalyst. We can help with the research and the literature. We can help maintain the quality, but I think we should get more involved than that.

Mr. GRASSLEY. Are 10 years prior to retirement enough time to accomplish this, or should it be, in your opinion, over a longer period of time?

Mr. BAUER. I think it should begin, as has been said here, as early as possible. But, practically speaking, we find it hard to enlist people until they start reaching their fifties and retirement looms in the not-too-distant future.

We all respond to the immediate needs rather than to the distant concerns. I think we would be expending a lot of effort in a vain attempt to bring this program to young people.

Instead, I suggest that the problems of aging and the relationships of young people to aging should be introduced in the grammar schools and high schools as core curriculum programs.

Mrs. Luise Odell, an educator and the wife of Charles Odell, the former commissioner of the department of aging in Connecticut, has developed and introduced core programs of the aging process in some of the public schools in Michigan. Her programs met with a great deal of success.

I think that is the way to overcome the generation gap that we speak of. The young people will begin to realize that someday they, too are going to be old, someday they are going to look and perhaps act like their grandparents, and there is not so much difference between them.

Mr. GRASSLEY. Mr. Regula?

Mr. REGULA. Thank you, Mr. Chairman.

I was interested. You said that most people look forward to retirement in your statement, which would, I assume, presuppose there is some planning involved. When you look forward to something, you usually plan for it.

Mr. BAUER. Well, sir, let me use the example of a member of my family who almost from the day he started to work longed for retirement, and talked about it all his years. At 65 he had to retire, and he did it with great joy. About 9 months after that he was knocking at the company gates trying to get back into work. He didn't know what to do with himself. He was lost.

Mr. REGULA. That brings me to the second problem. You also said in your statement that many people have difficulty in retiring.

Mr. Bauer, how would you scale those difficulties? Is it money, is it lack of routine, boredom? If you were scaling them, how might you characterize them?

Mr. BAUER. OK, let's say 10 years ago, when I would go around and talk to groups of senior citizens, and then ask them what their primary problem was, it was money. Four years ago, in my talks, I found for elderly residents in the city of Waterbury it was crime in the streets, while for suburbanites the main concern was transportation.

At that time we had a new program. The supplementary security income program, and we were looking for part-time temporary employees. That was reverse discrimination. We could hire no one under 55 years of age.

I spoke to a total of 400 people, and at the conclusion of the talks I would ask anyone interested in employment to come see me. I had 1 person out of 400 show job interest. So, at that time the major need obviously was not jobs or income.

Now, as I get around and question people in their later years about their concerns, income again has become foremost. This is due to the impact of inflation.

Mr. REGULA. And a fear of what it will be in the future?

Mr. BAUER. No matter how carefully they plan, they haven't been able to plan carefully enough for the spiraling inflation.

Mr. REGULA. Would not any program of a preretirement nature require some motivation on the part of the individual to want to participate in that program?

Mr. BAUER. This is something we are exploring now.

I am running a study of retired Scovill employees. I have gotten the names of their retirees over the past 13 years. The company sold out its Waterbury holdings and furnished me the list before turning their records over to the new purchasers.

This list is broken down into those that went through preretirement and those that didn't. As a general rule, many more people avoid preretirement planning programs, even though it is offered on company time, at no cost, and with refreshments.

Usually, about 35 percent participate.

I have arranged for the Junior League of Waterbury to canvass the retirees, using questionnaires I had developed. The interviewers visited 70 from each group—participants and nonparticipants. The following areas were covered: How things have developed during their retirement; how preretirement education helped them; what the weaknesses of the program were; what changes are needed in the programs; why didn't the nonparticipants participate; and would they participate if they had it all to do over again?

By the end of the summer I expect to have this study completed.

Mr. REGULA. Would you say the most important thing the Federal Government could do for the preretiree is to have policies that avoid inflation?

Mr. BAUER. I would say it is the most important thing for the entire American public.

Mr. REGULA. Thank you.

Mr. GRASSLEY. Thank you, Mr. Bauer. We appreciate your testimony.

[See appendix 1, p. 100 for Mr. Bauer's prepared statement and attachment.]

Mr. GRASSLEY. The next witness is Andree Oliver, with the Mayor's Office for Senior Citizens and Handicapped, Chicago, Ill.

Welcome to the committee, Ms. Oliver.

STATEMENT OF ANDRÉE OLIVER, DEPUTY DIRECTOR, MAYOR'S OFFICE FOR SENIOR CITIZENS AND HANDICAPPED, CHICAGO, ILL.

Ms. OLIVER. Thank you, Congressman Grassley. I thank you for the opportunity to testify before this committee.

After listening to the testimony this morning, I realize that most of my formal testimony would really be repetitive of much of the excellent testimony that you have already heard this morning.

You can see, as I listened, I kept changing the outline of my summary so that it would add something to this morning's hearings.

My formal testimony, of course, reflects much of what you heard already this morning—the need to change attitudes toward aging, if we are to combat the resistance to preparing for the later years and the need for research to develop better and improved programs of retirement preparation, or preparation for the later years; certainly the need for training personnel that provides this kind of programing and for establishing standards.

As I thought of what I might add to this morning's testimony, I thought I might describe the structure and experience of my agency in the area of retirement preparation, and then perhaps add some highlights which reflect those 20 years of experience.

My office was established in 1956 by the late Mayor Daley as a citizens' commission. One of the first things which this commission considered was the need to prepare for retirement. If the commission's work was to be preventive as well as remedial, it would have to address preparation for the later years. Through its Employment and Retirement Committee, the commission developed a number of programs.

It conducted a survey of the existing retirement preparation programs in the Chicago metropolitan area. As a result of that survey, a major conference dealing with retirement preparation was planned for the Chicago area.

The proceedings of that conference suggested that the commission should take a leadership role in providing technical assistance to business and industry, particularly to personnel staff in these businesses, to train them to provide retirement preparation programs for their employees.

A number of workshops were conducted by the agency, and indeed we established a technical assistance function which we continue to this day with business and industry.

In the course of the past 20 years, our office has been involved in a number of such educational programs, and we have developed a number of materials that relate to preparation for the later years.

Notably, we prepared a booklet which permits individual planning for retirement. This booklet is called "Are You Planning on Living the Rest of Your Life?"

It was published, I think, in about 1964, and shares publication rights with HEW; and it is still in use today.

To supplement this particular booklet, we also developed a 30-minute color film in about I think 1967. The film is an introduction to retirement preparation and is designed to provoke thought and to give a general overview of retirement preparation needs.

It can be utilized in conjunction with the booklet I just mentioned, and in fact can be a program package which can be utilized without going into a great deal of training in order to provide the program. This is not to say that sound training and preparation to provide this kind of programing is not absolutely critical. I believe it is.

I was interested in Miss Boyack's testimony about the number of individuals that have tried to get on the band wagon if they think there is some money to be made, or some exploitation feasible.

In fact, I think that I might even go a little further and say this is true of the whole field of aging. It is remarkable how the increased funding of the Older Americans Act has created instant experts in gerontology across the country.

As a result of my agency's 20 years of experience in providing technical assistance to business, industry, to community agencies, to government, to regional Federal offices, to our own city of Chicago, I would like to stress a number of items which I think are subsumed under the testimony that was presented today, but which were not specifically mentioned, and are very important.

Sound retirement preparation must consider some special target groups.

Minorities engaged in daily survival have very little time or resources to devote to planning for those later years, which we would hope would be more fruitful and productive for them. Special outreach should be extended to minority groups. At the same time research needs to address how retirement preparation or planning for the later years needs to be modified, or to be geared to the special needs of minorities in society.

I don't think anyone has mentioned that women today still represent a special group, widows particularly. By and large, women have tended in the past to depend on husbands or others to take care of business matters and planning, and they come to widowhood without any preparation whatsoever for the later years, when they are likely to be left alone.

Another very important group to be considered are the non-English speaking, who cannot be reached at this point, and, in fact, never do secure any of the information that they need in order to plan for later years because of the language barrier.

Finally, I would like to say in support of prior testimony that it is absolutely essential that we alter attitudes toward aging and that one of the ways in which this needs to be done is by integrating in our educational system some planning and preparation for aging, starting with the primary grades on up.

Our agency has been engaged in an attempt to develop special programs to integrate the study of the process of aging, and study of the contribution of older people, in the school system by working with our primary and secondary schools in Chicago.

We have just conducted an intergenerational conference in which we involved school children at different grade levels, older people, and in this instance teachers, and publishers of school textbooks.

We hope to develop some model programs that could be utilized by the school system so that children and younger people can start to consider aging as a desirable part of life, and will therefore not consider planning for the later years quite as distasteful an occupation as they appear in some instances to feel now.

The most important aspect of sound retirement preparation is to insure that individuals are given the wherewithal to prepare so that they have as many options in their later years as they have in their middle or earlier years.

What we need are flexible lifestyles—as was mentioned earlier here. I must say that in considering the work of that 20-year-old Employment and Retirement Committee it seems to me they were extremely insightful, in that when they developed the movie and the booklet I mentioned, they did not call them booklets or movies on how to prepare for retirement.

On the contrary, they called it, "Are You Planning on Living the Rest of Your Life?" which I think is very apt.

Thank you.

[See appendix 1, p. 123 for Ms. Oliver's prepared statement.]

Mr. GRASSLEY. Well, with your experience, there is an awful lot that we can learn by looking to your agency, and the precedent you

set, as evidently the first city government to have an office on aging.

Ms. OLIVER. That is right. It is the oldest municipal office on aging.

Mr. GRASSLEY. One short question from me, and then we have to hurry on.

With your background of 20 years, do you see any difference in the preparation for retirement that might need to be provided in the way of specialization for people with different ethnic or cultural backgrounds, as compared to the majority of the American population, or a difference between men and women.

Ms. OLIVER. I believe that the principles that should apply to the development of a curriculum in retirement preparation probably remain essentially the same. I think there is a fair amount of consensus on what the contents should be.

I believe that the main difference would relate to methods of outreach and modification in content that would be responsive to individual needs.

Clearly one does not discuss retirement preparation with a retired executive who is planning his investment for an annual $50,000 income, which he would retain after leaving his employment. In the same way one would with a blue-collar worker or an individual that has had very limited income, and great difficulty in saving all of his life.

So, I think that while retaining the essential content, probably the main modification would have to do with the detail of that content.

Mr. GRASSLEY. Mr. Regula.

Mr. REGULA. What do you see as the most important problems confronting retirees, money, boredom?

Ms. OLIVER. I hate to pick one. Unless there is a sound financial base, one has nothing to plan with. But given a sound financial base, I think that certainly health, housing, the use of leisure time, or of continued employment, or shifts in career, all of these need equal consideration in sound planning.

Mr. REGULA. Has the proliferation of senior citizen programs, centers, bus trips, et cetera, altered the problem of retirement on the plus side?

Ms. OLIVER. I think so, because senior citizens not only are becoming more numerous, but are becoming much more active as more opportunities are being provided to them. As a result, our younger people are able to see how vital and capable older people indeed are once they are not denied the opportunity to contribute to society.

Mr. REGULA. Thank you.

Mr. GRASSLEY. Thank you.

We will call now on Albert Peterson, with the Action for Independent Maturity offices, Washington, D.C.

Would you introduce the person with you, Mr. Peterson?

STATEMENT OF ALBERT PETERSON, ACTION FOR INDEPENDENT MATURITY AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS, WASHINGTON, D.C., ACCOMPANIED BY JOHN MARTIN, STAFF CONSULTANT

Mr. PETERSON. Accompanying me today is John Martin, former U.S. Commissioner of Aging, and consultant with our associations.

Mr. GRASSLEY. Thank you. Go ahead, Mr. Peterson.

Mr. PETERSON. I am the public affairs coordinator with the Action for Independent Maturity, a nonpartisan, nonprofit division of the American Association for Retired Persons. We were established in 1971 in answer to a growing concern for persons reaching retirement who were apparently so unprepared that they suffered various illnesses, such as a sense of uselessness, disorientation, depression, and even suicide.

To help reduce many of these common problems of aging, AIM developed programs designed to help reduce some of these negative factors and put the emphasis on the positive. Our programs were designed after broad surveys of activities already going on in the field, and we attempted to create programs that would apply to almost any type of individual or economic status.

In just 6 years, as evidence of the fact that we have met certain needs, our membership has now grown to 420,000 members, most of them working Americans. Our retirement planning seminars, which take the form of group discussions, are being provided nationwide to thousands of employees of over 600 corporations, Government agencies, religious groups, and others. The 1-week professional training program we have for administrators of programs is usually oversubscribed. We have 16 scheduled for this year.

Chairman Rooney said that the need to make one's choices from among the many retirement options available is self-evident. I think that to we specialists here, this is self-evident. However, there are many individuals, many companies throughout the country, where the need to prepare is self-evident up only to the point of the pocketbook. Too many individuals still think if they get social security or a pension, that is all they have to worry about. Many employers have a similar attitude and merely provide a pension or arrange for insurance or other financial matters of this type. That is what most employers call a preretirement program.

In short, there is still a very pressing need for education among individuals and companies and agencies to furnish more comprehensive preparation for retirement long before the separation date.

The important thing here is the need for raising awareness among personnel administrators. The idea of preretirement on a broad scale and far before the retirement date is fairly new, AIM has cooperated with chambers of commerce, personnel associations, various colleges in over 100 metropolitan areas around the country in establishing 1-day retirement workshops. These have been well attended. We have helped to stimulate, I think, hundreds of personnel administrators in starting or expanding their own programs.

Your first question in this hearing was what needs should be met by any adequate system of retirement preparation. We suggest that they should be the needs of the whole person, physical, emotional, social, and economic. These should receive equal emphasis. Too

often counseling in strictly financial matters fails to help a person erect defenses against many other problems of aging.

In our comprehensive group program we invite participants to review options available to them in at least eight basic areas. These are: Challenge of retirement, housing and location, health and safety, legal affairs, attitude and role adjustments, meaningful use of time, sources of income, and financial planning. We purposely put the financial matters at the end to stress the fact that these other topics are equally important.

Your second question was what should the relative roles of the public and private sectors be in retirement planning. We feel that Federal, State, and local governments should act as models and catalysts in such programs by setting their own examples in the community. A small number of Government agencies are already giving comprehensive programs of a very good nature. I can give examples of this, if you wish.

However, in our experience, and we deal with many Federal agencies as well as city agencies, we have found too often that the programs offer limited financial counseling, the implementation of which is usually left up to the individual administrator.

We have been requested by many Federal agencies to help them present programs with publications and speakers. We have found that in many cases there is little or no coordination among the various units and agencies, sometimes within the same department.

We have also found that appropriated funds exist for the career training of individuals, though we have found authorized financing is seldom available for the procurement of materials and publications for retirement planning programs which could increase their effectiveness.

We feel this committee could do a good deal in advising or recommending that retirement planning education for all qualified employees in the Federal community should be increased and its quality raised by establishing more direct authority and more comprehensive capability in agencies that already exist in providing direction and supervision of such programs.

Private industry and labor unions, as you have seen here today, can do a good job in this field, and they certainly should be encouraged to initiate preretirement programs, not only as a social responsibility but also in their own self-benefit. Surveys have shown that persons going through retirement programs have usually attained a much more positive attitude, increased company loyalty and performance on the job. Better public relations, both before and after retirement, is also a dividend for the sponsoring employer.

Public and private educational institutions are, of course, in an excellent position to provide retirement planning to the community as well as their own staffs. We suggest that the committee encourage the HEW Office of Education to establish guidelines encouraging schools, colleges, and adult education organizations to initiate such programs in their communities. Other organizations, such as fraternal clubs, chambers of commerce, church organizations, United Way, and Red Cross, can be a good nucleus for starting programs in their communities.

A good example is the Philadelphia Chamber of Commerce, which is actively promoting the concept of a comprehensive program with a trained coordinator and providing seminars to both large and small business and industry.

In regard to the most effective ways of inducing young and middle-aged persons to participate in preretirement programs, we feel that several negative influences must be overcome—I should say normal resistances. Many people refuse to admit they are old enough to think about it, some feel they will take care of it when they get there, and many of them feel, as has been brought out here today, that it is too negative; that it looks like the end of life, and so on.

We have found among our sponsors of programs that one effective way of inviting employees and encouraging participation has been to make a general announcement to explain the intention and objectives and benefits of such programs instead of trying to point a finger or single persons out for invitations. Too often such methods may lead to suspicion of the employer's motives.

There are other ways to overcome this resistance. I feel this is one of the most important things that has been brought out here today, that the problem is to persuade people to come to these programs for their own well being.

This, I think, is a continuing effort we should make, both through the Government and private sector. The public media is devoting more attention to retirement planning programs and often feature participants who are enthusiastic. This is a good example.

Mr. Bauer suggested possible seminars and various sessions on television. This is a possibility. We also feel that hearings such as before this committee on this topic, if edited and published in the newspapers and magazines, would certainly help educate and motivate individuals as well as employers.

In conclusion, we would like to agree with Chairman Rooney that there is a very serious need for retirement preparation. It should be initiated as part of the life cycle as early as possible, so that retirement need not be a time of crisis, but a time of challenging growth and self-realization.

To satisfy this need, we recommend that more aggressive efforts be undertaken through both the public and private sectors to encourage employers and employees to participate and sponsor early comprehensive preretirement programs, covering all aspects of present and future living.

We also urge that the Federal, State, and local government agencies act as models and catalysts for the private sector. Also, that those responsible for personnel operations in the Federal community be given more authority and coordinating capability in promoting comprehensive preretirement programs in all agencies and units and to supplement this. We also recommend that specific appropriations be earmarked for the procurement of materials, trainning of administrators, and facilitating sources in providing such programs.

Thank you.

[See appendix 1, p. 136 for Mr. Peterson's prepared statement.]

Mr. GRASSLEY. Thank you, Mr. Peterson.

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I have no questions. Do you, Mr. Regula?

Mr. REGULA. No.

Mr. MARTIN. May I make one comment?

Mr. GRASSLEY. Sure. As long as the bells haven't rung, go ahead.

Mr. MARTIN. Chairman Rooney, this morning, raised a question with a Civil Service representative as to whether their program was comprehensive enough or aggressive enough. When I was Commissioner on Aging, the Commission was taking an entirely negative point of view on its responsibilities in this field. It changed during that time to taking an affirmative position of being willing to help agencies, but I think there is a good case to be made now that every agency should be expected to have a program for preretirement education and planning.

Not everybody should have to take it; it ought to be voluntary as far as the individuals are concerned, but there should be a specific requirement that every agency have and develop an effective program of preretirement education for its employees, and I think this would also set a level of activity for private industry.

The picture today is very, very spotty. Some industries pay attention to it and do something about it; some industries don't, and probably the majority don't. The number of people who are actively involved in preretirement education today is very, very small compared with the need, compared with the numbers who would benefit from it, so that I think the committee could afford to take an aggressive position.

Senator Mondale, at one time, introduced a bill which would have done this, and I don't think the bill passed, but the thought was good. I think that we haven't devoted enough time and attention to preretirement planning just because some people are reluctant to consider it, but the time has come when we should.

Mr. GRASSLEY. Mr. Martin, I can't promise you what the committee will do, but I know Mr. Rooney's concern for this, and the mere fact that hearings are being held on the subject is at least a first step—that many ideas don't even get to—in bringing to fruition your suggestion.

So I thank you two specifically for your concern, and your interest, and your testimony. I thank, not only for myself, but Mr. Rooney, and the rest of the committee, the kind attention of everybody, not only the witnesses, but everybody else in the room, to this subject before us.

I recess the committee.

[Whereupon, at 12:17 p.m., the hearing was adjourned.]

Appendix 1

Prepared Statement of Robert C. Benedict, Commissioner on Aging, Department of Health, Education, and Welfare

INTRODUCTION

Mr. Chairman and Members of the Subcommittee on Retirement Income and Employment, I am delighted to appear before you today to consider the impact of retirement on the lives of millions of Americans and the importance of preparing for this challenging experience.

In my remarks today, I will bring to your attention the dramatic demographic and social changes which are altering our view of retirement. I will discuss the needs of retirees for meaningful retirement preparation programs, so that retirement is a more productive and meaningful period in the lives of older Americans.

OUR CHANGING VIEW OF RETIREMENT

Our understanding of retirement is changing. Retirement no longer represents a simple termination of one's working years. Increasingly it is a dynamic transition to a widening and more wholesome pattern of lifestyles and opportunities for older people. Retirement is no longer a luxury enjoyed by a few, nor is it merely a period of idleness for those "too old to work but too young to die." The segment of our population which is made up of retired persons will continue to expand well into the next century. Many people will enjoy 20 to 30 years of living after formal "retirement."

Retirement is a relatively recent phenomenon. Around the turn of the century, few people lived to spend any appreciable time in retirement. Those who did grow old usually continued working and retained significant roles in the family and community. With the advent of social security in the 1930s and the availability of formal and systematic benefits, retirement at age 65 became the norm. Practitioners in the field of aging and retirees themselves now have come to understand that prolonged periods of enforced inactivity are unhealthy in physical, mental, and emotional terms. Mandatory retirement is increasingly recognized as discriminatory, limiting individual freedom and causing undue hardship on persons who wish and need to continue working.

Social and Demographic Trends

Dramatic social and demographic changes will affect the number of people who retire, the age of retirement, the length of the retirement period and the proportion of older persons remaining active in the work force.

These factors have far reaching implications for retirement policy decisions and deserve mention again today:

- o We are in the midst of a population transformation. We are changing from a younger society to an older society. In 1978 over 23 million persons or 11 percent of the population is over 65. By the year

2030 when the children of the post war "baby boom" are aged, it is estimated that about 57 million persons will be 65 or older. They will represent about 18% of the total population.

- According to recent studies, more and more employees are retiring earlier. Thirty years ago, nearly one half of American males over 65 remained in the work force. By 1975, their participation had declined to 21.7 percent. Today, about 48% of male retired workers started drawing their Social Security benefits before the age of 65.

- There are an increasing number of persons in retirement. This may be partly attributed to those taking early retirement. It is also due in part to the increased longevity of the older population. Those persons who reach the age of 65 live, on the average, another 16 years.

- The recent changes in the mandatory retirement age from 65 to 70 for many workers will have a yet unknown effect on retirement patterns in this country. Some sociologists are predicting significant changes in patterns of work. Each generation of older people is more active and better educated. Economic and continued demographic changes may increase work opportunities for older people. The needs and desires of a whole new living generation will produce new demands and jobs.

Work and retirement in the future will be quite different from today. Those retiring in the future are likely to be increasingly capable of a meaningful and productive role in society.

The Challenge of Change

Our growing awareness of these trends is reflected in the recent passage of the Age Discrimination Act of 1975 and the amendments to the Age Discrimination in Employment Act passed earlier this year which raised the mandatory retirement age to 70 for many workers. Hearings held by your Subcommittee reflect further evidence of the growing seriousness of these issues.

The term "retirement" needs to give way to a more generous understanding of the emergence of alternative life cycles involving new combinations of work, education and leisure in the broader context of living in the later years. Indeed the term "retirement," as we know it, may be obsolete. I personally would not mourn its passing.

These continuing changes in patterns of work and living require a more creative approach to preparation for living in the later years. An approach which merely attempts to help former workers adjust to cessation of work and increased idleness is simply wrong-headed and will carry enormous social costs for future generations of older people.

We must move simultaneously in three critically important areas. First, we must encourage and support the many trends already evident in our society which are developing new vocational, educational, volunteer, and civic roles and opportunities for persons in the middle and later years. Second, we must undertake efforts to help older persons prepare themselves for the later stages of life. Third, we must continue to attack pejorative attitudes and stereotypes which continue to limit our understanding of the rich potential of those living in their later years.

EXPANDED OPTIONS FOR LIVING AND WORKING IN THE LATER YEARS

I am not endorsing increased opportunities for the elderly as a matter of simple altruism. We have always placed great value on the dignity and worth of individuals. We have always expected a full measure of work and self-support from all our citizens. No other group holds these values more firmly than the elderly. They are eager to contribute their energy to support themselves and their families, and to contribute to the continued development of community life. Pragmatically, however, we cannot as a nation afford enforced and unwanted idleness for 23 million older Americans in 1978, and almost 57 million in 2030.

Many older persons continue to work. Almost one third of a sample of persons 65 and over who were retired or unemployed indicated that they want to work. My personal experiences in listening to older people as I travel around the country reinforce this finding. It is a major area of concern to them.

There are a number of hopeful signs. The Senior Community Service Employment Program currently provides part-time community service work opportunities for 37,400 low-income persons 55 and over. It offers them increased income, but also provides manpower for community service. Beginning next month, this program will expand to 47,000 community service jobs. A study for the Academy for Educational Development revealed that at least one million older persons, mostly volunteers, "are now educating others throughout the vast reaches of our formal and informal education system."

One hundred and fifty thousand older persons are holding down jobs and/or are working as volunteers in Older Americans Act programs administered by the Administration on Aging. Other opportunities for meaningful contributions to the community exist in the ACTION programs such as Foster Grandparents and the Retired Senior Volunteer Program and in the Small Business Administration's SCORE and ACE programs . These have been very well received and include almost 250,000 volunteers, working in thousands of communities across the country. There is the double benefit of activity for older people and services to the community. But more importantly, it is providing new experiences and models of older people at work which are reshaping attitudes and can help to open up new opportunities across the public and private sectors in years to come.

We must find ways to open up new work opportunities for older people in the labor market. Over a period of years the changes recently enacted in mandatory retirement may significantly alter the work patterns of the elderly. However, it seems there is much to be learned from abroad as well.

Sweden recently adopted a Partial Pension Plan which allows workers 60-65 to reduce their working hours and draw partial pensions to encourage phased retirement.

In the United Kingdom, an engineering equipment firm began a special division over 20 years ago to provide part time work for its retired employees - all over 65. The Sons of Rest Workshop, employing only company retirees and retraining them where necessary, now offers fifteen new product lines and enjoys impressive profits. A similar experiment in the Netherlands is underway called "Sterk Door Werk" - Strength Through Work. Can this private sector experience be replicated in the United States? Can it be expanded to other settings? Are we not wasting the enormous experience and talent of retired workers-teachers and educators, public servants, skilled craftsmen, professional and businessmen?

RE-EDUCATION FOR OLDER PEOPLE - AN INVESTMENT APPROACH

We must recognize the importance of participation by persons of all ages in a broad spectrum of continuing educational opportunities. This means providing people an education which will prepare them to

contribute productively in an occupation but which also will enrich all aspects of their daily lives. Education should not be limited to only the first third of our lives. The importance of this is dramatized by reflecting on how much the world has changed since about 1950, not how much it will alter again before 2000. How much better prepared for retirement would the high school graduates of 1950 be if we could offer them a systematic opportunity to build upon their previous education and work experience?

Participation in educational opportunities by adults and older persons need not require establishment of a new or separate network of schools and facilities. States and communities already have made a long term investment in excellent public educational facilities and resources. In some places we see a surplus of these facilities and educators due to the declining enrollment in the school age population. At the same time, the older population is increasing. How can communities take advantage of this coincidence to give more attention to the education needs of older people and their families? In addition to primary and secondary schools, what new opportunities can community colleges and universities offer the older people in their classrooms?

A consortium of colleges in New England sponsors an interesting experiment known as "Elder Hostel." These summer residential educational programs give older adults a chance to return to the college campus for a variety of personal enrichment and traditional academic courses. It has been a successful project and is now being replicated in other parts of the country.

Not only should older persons be encouraged to seek education because of the benefits they personally will derive from the experience. They can also strengthen and enrich American education by their participation. They possess a wealth of experience and knowledge and the chance for creative intergenerational exchange would benefit both the elderly and the younger people in the system.

In this regard, an inter-agency committee has been created by the Administration on Aging and the Office of Education to explore how the educational system can be more responsive to older persons. This committee will address such questions as better utilization of school facilities, increased education, vocational training for older persons, older volunteers in education and including more information on aging in primary and secondary school curriculum.

Pre-retirement Education Past and Present

Our focus to date, which is important, has been on pre-retirement education. In recent years, the Administration on Aging has provided funds for the development of a number of experimental pre-retirement programs. The University of Michigan has just completed a project designed to train 300 pre-retirement educators. Educational and counseling models and materials are being prepared for AoA by the Georgia Center for Continuing Education. The Duke University Center for Study of Aging and Human Development, North Texas State University, and the National Council on Aging are working on similar projects. NCOA is now developing a retirement education package in cooperation with a consortium of industry and labor representatives. The Civil Service Commission holds retirement preparation workshops for Federal employees. Many private employers use the program of Action for Independent Maturity, a division of AARP/NRTA, to tailor their pre-retirement program needs. This well-developed program includes prepared materials, leadership training and ongoing consultation to assist the employer in using the materials. Unions such as the United Auto Workers and United Steel Workers also provide such sessions as a service to their membership.

AoA supported a Second Careers Project at George Washington University which enrolled older people in a curriculum to prepare them for mid-career change, and studied the barriers they encountered in entering the educational environment.

CONCLUSION

As Commissioner on Aging, I enjoy a number of opportunities to address a variety of issues concerning the role of the elderly in our changing society. A persistent theme of my observations will be the need for increased awareness of the challenges and opportunities which life in the later years can offer. I hope that public officials at all levels, representatives of private organizations and individual citizens can be enlisted in a campaign to sensitize the public to the great potential for Americans to achieve full and meaningful life experiences in the later years.

We need to identify ways and means to improve the performance of existing programs to make appropriate use of particular skills and talents of older Americans. I am primarily thinking in this connection of private and voluntary organizations rather than new governmental programs. Perhaps a national forum or academy which brings together older persons with experience in various fields would help us capture the wisdom and experience of the aged in addressing the full gamut of public issues. Clearly such an effort would also help meet the need to provide the elderly with outlets for creative expression. The Administration has requested authority to convene a 1981 White House Conference on Aging which will provide one such opportunity.

Mr. Chairman, as we look into the future to year 2030, we see a whole new living generation of Americans, about 57 million persons. We are looking to the future without considering their needs and their great potential. We might observe that there can be no future for America without a future for its older people. All too often we associate old age with the past. The fact is that older people have an enormous stake in the future, for years yet to live, for their family and for all future generations. While we look to the needs of those who are vulnerable and dependent, as we must also be ever mindful of the contribution that can come with the addition of a whole new living generation of Americans, freed from the narrow stereotypes of ageism. Older people are concerned about their own needs. But they are also concerned about the environment, the schools of their childrens' children, and the host of national problems which will confront us in the future.

In closing, I would like to return to a simple theme. It is time to discard the notion of retirement, and to focus on the enormous potential of life in the later years. The work of this Subcommittee can mark an important turning point. I can report to you today that public programs established by the Congress providing work and civic opportunities for older people are considered very important. They represent an investment from which future generations will reap a definite return.

Mr. Chairman, this concludes my prepared testimony.

PREPARED STATEMENT OF VIRGINIA L. BOYACK, PH. D., PROJECT DIRECTOR, PRE-RETIREMENT AND LIFE PLANNING PROGRAMS, ETHEL PERCY ANDRUS GERONTOLOGY CENTER, UNIVERSITY OF SOUTHERN CALIFORNIA, LOS ANGELES, CALIF.

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PREPARING FOR RETIREMENT: CRISIS OR CHALLENGE?

Retirement is perceived as a "crisis" by many people in today's society. Perhaps we should look upon this word "crisis" as do the Chinese, who represent the word with two characters: one meaning "danger"; the other meaning "opportunity".

Retirement preparation programs should provide learning experiences in which individuals may become aware of potential "dangers" and explore the multi-dimensional "opportunities" which can lead to the development of options for a life of satisfaction in retirement. Careful preparation for the retirement years can provide the challenges which will give meaning to life in the later years.

Many people make the transition into retirement very successfully. However, research indicates that there are far more who do not make such a transition with ease and satisfaction. There is sufficient data which suggest that there is a high correlation between life satisfaction in retirement and the extent of planning accomplished before that event. It is felt that pre-retirement education, or life planning programs, not only can provide guidance in exploring issues relevant to both the middle and retirement years, but also can provide opportunities for developing challenges and testing options. The earlier one starts such exploration, the more options one can test along the way.

The person is retired from work; his or her income usually drops by about half, and the pattern of familial and other social relationships may be altered. During this time, over one-half of the women are widowed, and about one-fourth of the men become widowers. Most people have mixed emotions about this event called "retirement". There is a sense of relief felt by many at the prospect of release from work-a-day drudgery, but also apprehension about financial security; anxiety about health maintenance; concern about what to

do with leisure time, and resentment about being judged unable to fulfill a "productive role". Sheldon, McEwen and Ryser (1975) suggest that the obstacles to successful retirement may be:

> Obstacle 1: Gaps in the system of relationships caused by a loss of close friends, children and other relatives, through geographical moves, or by death;
> Obstacle 2: The loss of relationships which are needed to "keep going" emotionally...such as intimacy, interest, giving and receiving nurturance, recognition and assistance;
> Obstacle 3: The lack of preparation for retirement, which includes development of alternatives, response to change, and the process of transfer through that change, and accommodation to a new life style.

Research indicates that the personal losses involved in the role transition from that of worker to that of retired person involve not only the loss of settings in which skills are performed and challenges are met, but also concomitant financial changes. A variety of other losses which may have equal or even greater consequences for the individual include: loss of a principal source of social contact; loss of opportunities for problem solving; loss of mastery of resources available for problem solving, and loss of a major reference group. (Sheldon, McEwen and Ryser, 1975.) Preventative action (intervention early in life), in the form of pre-retirement, life planning, and/or sound personal resources and economic planning programs can help people overcome obstacles and plan for a more successful adjustment to retirement living.

The National Council on Aging (NCOA) study, The Myth and Reality of Aging in America, (Harris and Associates, 1975), reported that most older people regretted not having planned better. Such regrets were primarily focused on financial concerns -- 26% of those surveyed mentioned that if they had known what things would be like today, they would have tried to save more, acquired more insurance, or invested more in property, land or some other type of investment. In addition, 14% of the older respondents would have completed more education, while 9% would have planned their careers differently in order to guarantee themselves greater security in their old age. Additional data indicated that 76% missed the money the job produced...73% missed the people at work...62% missed work itself...and 59% missed the feeling of being useful. Another study indicated that the respondents who had not planned well for retirement reported dissatisfaction, and expressed

the desire to return to work. (Motley, 1978.) However, data indicate that less than 12% of retired persons return to work.

The Harris study (1975) further reported that the reasons given for feeling unfulfilled in retirement were: (1) financial problems; (2) poor health; (3) missed working; and, (4) spouse passed away. These same respondents cited the major reasons for feeling fulfilled in retirement as: (1) "now enjoying leisure and hobbies"; (2) "can do as I please"; and, (3) "good health". It was reported by a group of middle-aged participants in a pre-retirement planning program that their perceptions of what they may like most about retirement were: being free of responsibility; more time for activities; more time with family and friends; and, freedom to pursue desired ambitions. (Boyack, Tiberi, 1975.) (Please see Item 1.)

Evidence supports the hypothesis that pre-retirement preparation programs, as a form of "anticipatory socialization", can facilitate the formulation of realistic retirement objectives and ease the transition into retirement. Research also indicates that retirees who plan for retirement generally report higher levels of life satisfaction. (Ash, 1966; Pyron, Manion, 1968; Barfield, 1968.) Pre-retirement planning programs can provide the individual with insights and awareness so as to avoid the potential "role shock" and subsequent demoralization that follows an abrupt termination of major roles associated with earning a living. Further, a pre-retirement program may provide an individual with his or her first exposure to serious consideration of retirement living problems. (Charles, 1971.) It has been found that, after participating in a planning program, respondents reported less concern about: financial insecurity; contact with friends; boredom in retirement; and, growing old. (Boyack, Tiberi, 1975.)

The need for planning is further reinforced by research findings which suggest that "those for whom retirement is likely to pose problems...are least likely to plan for it, and those who do attempt some planning accomplish it in a desultory fashion. The majority arrive at the date of retirement without concrete, realistic plans." (Kasschau, 1974.)

Many individuals indicate they want to plan effectively for retirement but need guidance. Employees are revealing that they would appreciate their companies offering retirement preparation programs. To make the approach of retirement more acceptable to employees, a growing number of employers are providing some form of pre-retirement planning assistance. (O'Meara, 1977.)

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A Conference Board survey conducted in 1977 reveals that 88% of the 800 responding companies now offer some kind of pre-retirement assistance, as compared to 65% of those surveyed 11 years ago. (O'Meara, 1977.) However, only 23% offer in-depth pre-retirement planning programs. Most companies offer only financial advice, as such relates to company benefits. Despite the increased emphasis which business and educational institutions are placing on sound planning for retirement, there is evidence that most employees start planning too late to provide themselves with the most effective options for their retirement years. (Crandall, 1978.)

Early retirement has become an attractive and growing practice in society. Perhaps the best indicator of this trend can be found in a report from the U.S. Social Security Administration. The report points out that while in 1962, 1,456,254 workers had retired early (before the age of 65), by 1972, some 6,798,271 workers had done so; the numbers of workers opting for early retirement are increasing annually. Several reasons are suggested as to why the employee is attracted to an early retirement option: poor health; interest in starting a new career; readiness to be released from job pressures; financial stability; and/or, spouse has retired. O'Meara (1977) suggests that many persons who choose to take early retirement do so because of "special monetary incentives" provided by the employer. Another reason often given is the employee's feeling of "stagnation" or "having plateaued" at his or her present job. Mutual stagnation is a term quite prevalent in business and industry in regards to both employer and employee arriving at a mutual disinterest in one another.

This trend towards early retirement means that increasingly, millions of persons will have from ten to thirty years in retirement living. Recent statistics on life expectancy have serious implications for those in positions of decision-making about the provision of retirement preparation programs. (Please see Item 2.) A hearing on life-extension technologies was held recently by the Subcommittee on Federal, State and Community Services, House Select Committee on Aging. After listening and reviewing testimony from a number of experts in the biomedical field and social sciences, the Subcommittee reported that "no significant life-extension is likely before the year 2000; nonetheless, it calls for more research into the future consequences of life-extension, conceding that society is presently not prepared for a larger population of old people. The congressmen also emphasized the importance of

quality of life for old people, not just quantity." Millions of citizens suffer special deprivations upon retirement -- deprivations which might have been avoided if there had been effective programs sponsored by community, industry, business, labor and educational entities, and made available early in the individual's career. Research indicates that the quality of life in the later years may very well be determined by the quality of the planning and preparation accomplished by the individual in early years.

Although there has been an increased interest in developing pre-retirement programs, there does not seem to be any agreement in regards to the format which may effect the greatest degree of change in attitude, behavior and information about pre-retirement planning and retirement living. (Kasschau, 1974; Peterson, 1974; Monk, 1971; Boyack, Tiberi, 1975; Tiberi, Boyack, 1976.)

The Andrus Gerontology Center
Pre-Retirement Education Project Model

In response to increasing demands for pre-retirement programs, and for the evaluation of the merit of such programs, the Department of Health, Education and Welfare, Office of Education, Community Services and Continuing Education, awarded a 27-month grant in 1974 to the Ethel Percy Andrus Gerontology Center, University of Southern California. The grant commitment was to research into current practices in pre-retirement education; to develop an evaluation methodology; to construct a model for pre-retirement education; and, to train leaders to administer the model program. (Please see Item 3.) As a result, a comprehensive model, Pre-Retirement Education Project (PREP) was developed, evaluated and implemented. (Boyack, Tiberi, 1975; Tiberi, Boyack, 1976.) The Andrus Center's PREP model evolved as a result of working with over 1,000 participants representing business, industry, labor unions, educational institutions, and community agencies and organizations. (Please see Item 4.) The participants' ages ranged from 37 to 67 years. To date, 49 trainers, representing diverse segments of society, have completed an intensive 150-hour training program in pre-retirement education and life planning program development.

These Andrus Center PREP Trainers are actively involved in conducting programs, within the environments of their various entities, such as: Hughes

Aircraft Company; Xerox Corporation; Fluor Corporation; Los Angeles Community College District; University of Southern California; Shasta Community College; University of California, Los Angeles; Pepperdine University; Children's Hospital, Los Angeles; Communication Workers of America; and, various other community entities.

Additional programs have been conducted by the Andrus Gerontology Center upon request by special populations. A few such programs were for: Merrill, Lynch, Pierce, Fenner and Smith, New York Corporate Headquarters; The California State Department of Health; The City of Riverside; U.S. Forestry Department; Midwest Federal Savings and Loan (Minneapolis); and, special programs for low-income, minority groups.

Of special note is the series of programs being conducted by 23 persons trained in pre-retirement education and life planning program development, made possible through a recent Comprehensive Employment Training Act (CETA) grant award. The objective of this one-year project has been to provide skills, knowledge and experience in life planning and career transitions to persons representing unemployed diverse special populations in the City of Los Angeles. The special populations from which the CETA-PREP trainees were selected are: Hispanic; Black; American Indian; the disabled; and, mixed ethnic background.

The CETA-PREP Life Planning and Career Transitions Program evolved as a result of the experiences of the Andrus Gerontology Center Pre-Retirement Education Project (PREP). The three-year PREP research project indicated that there are several "special" population groups which, for various reasons, do not have access to resources which can help individuals identify their potentials and develop options for a "non-work" life (e.g., disability, unemployment, and retirement) which can be experienced with independence, dignity and self-confidence. It was proposed that "non-professionals" could be trained and could provide leadership in guiding others towards such an objective.

This innovative program was initiated in August, 1977, and is responsible for training 23 individuals in life planning techniques and career development methods. These trainees have completed a comprehensive training program, after which each trainee has been placed in a community agency and/or organization to fulfill a fieldwork commitment. This training also included identification, coordination, and initiation of community resources which can assist individuals in resolving economic and social problems. Also of interest is the component

dealing with the identification of individual potentials and the development of viable options for personal and career growth.

The CETA-PREP Life Planning and Career Transitions Program sets forth a unique approach to the provision of stimulating exposure towards an array of new dimensions in career development for individuals who have been relegated to lesser job positions in the past. Such a situation can be attributed to a lack of creative utilization of the unused skills and talents of those not employed. The experience of the PREP staff with the "underemployed" indicates that potentials do exist within these individuals. By exploring more creative job development opportunities through a human service orientation, such potentials can be tapped for the betterment of the community and the individual. The CETA-PREP program may be viewed as an innovative intervention mechanism which provides a valuable service in enabling the individual to maintain a sense of independence and strengthen "cope-ability" skills to deal with problems.

As a result of intensive program development and implementation with such diverse population groups, a special grid system was developed so as to meet the needs of persons representing specified age and income levels. The PREP Trainers have been trained to be creative designers of life planning programs, based upon the needs of the people with whom they are working.

	YOUNG ADULT 18-35	YOUNG MATURE 35-50	OLDER MATURE 50-65	RETIREMENT AGE 65+
LOW INCOME 0 - $5,000	1	2	3	4
LOWER MIDDLE $5,000 - $25,000	5	6	7	8
HIGHER MIDDLE $25,000 - $45,000	9	10	11	12
HIGH INCOME $45,000 +	13	14	15	16

Each cell of the PREP Program Grid offers in-depth information, techniques and materials relevant to that specific age and income group as such relate to the following topical areas:

- Planning Strategies (based upon a process, Planning by Objectives);
- Developing an Economic I.Q. (includes financial planning, consumer education, legal issues, housing options, and new careers);
- Maintaining Health and Vitality (based upon preventative health care measures);
- Use of Time and Self-Fulfillment (includes identification of individual potentials and development of options);
- The Dynamics of the Middle and Later Years (based upon psycho-social dimensions).

RECOMMENDATIONS

The intensive four-year experience with the PREP research, model development, training commitment, and program implementation have provided data and experiences which provoke the following suggestions to the Subcommittee on Retirement Income and Employment:

(1) It is suggested that attention be given to the increasing proliferation of pre-retirement education and life planning programs, and the increasing numbers of providers of such programs. It may be wise to establish some guidelines for quality programs with stated objectives, and some method for evaluation. There are many fine programs. Nevertheless, unqualified individuals have been identified who, having recognized the growing interest in and saleability of pre-retirement education programs, are hoping to capitalize upon the need and the efforts of others.

(Note: To cite an example, two men, representing themselves as pre-retirement education planning consultants, made an appointment to talk with me about program development. Through rather tenacious questioning, it was found that one was a Black Jack dealer in Las Vegas, and the other, his uncle, was a used-car salesman in the same city. With all due respect to both of these professions, neither of these men had any experience in sound educational foundations nor even in effective program development. Their stated "expertise" was that they had talked with many retired people and read a library book on the subject. They had developed a general outline for a six-week program

(12 hours), for which they were charging $310 per person. They had deposits from 21 participants -- and had not yet completely formulated their program content beyond the outline which they had found in the book. Although it is hoped that such an experience is a rare circumstance, it does indicate a possible problem for the sincere and well-qualified professionals in pre-retirement education who are very capable of providing programs which solve rather than create problems!)

(2) The Andrus Center's PREP research indicates that most pre-retirement programs provide a 10 to 20 hour "awareness building" approach to pre-retirement planning, which in most cases adequately covers the major issues to be faced in retirement. However, it is suggested by this research that more be provided than just an "awareness building" program. If attitudes about retirement as a positive transition in one's life are promoted, and if behavior changes towards that end are to occur, it will be due to on-going exposure to personal resources and economic planning possibilities across the life span. It is suggested that such exposure be sponsored by industry, business, labor unions, educational institutions, government agencies and community organizations through a systematic approach. The following Seven-Step Retirement Preparation System is suggested:

I. An introduction to the dimensions of life planning should be provided as part of the employee's orientation upon entering an organization (or, vis a vis a cooperative educational institution and sponsoring entity endeavor);

II. On-going life planning seminars should be provided so that a person can continue learning and be exposed to life planning strategies across his or her work life span (e.g., financial planning for each life phase, career development, health maintenance, etc.);

III. Each individual should participate in a retirement planning "awareness building" program (18-20 hours) at about age 45 years;

IV. A structured, printed module of supplementary materials should be available as a follow-up to the "awareness building" program, and relevant to resource assessment and on-going planning stages;

V. After steps III and IV, individuals may wish to participate in intensive special topical workshops. (For example, the most common request is for a session on financial planning, with the objective for each participant to explore financial resources and to complete a draft

of a financial plan);

VI. Special sessions offered so that the individual has the opportunity for a periodic review and reassessment of needs and expectations, based upon age and/or the number of years before retirement;

VII. Provision of an employment "transition process", determined by employee and employer.

(3) The PREP project experience also indicates that pre-retirement education programs are attracting significant numbers of persons already retired. This would indicate that there is a substantial population of retired persons who face special problems in retirement living, which are inherently different than the issues covered in pre-retirement programs. These people are seeking help with solving problems which have surfaced either because of a lack of earlier planning, unanticipated changes, or the desire to explore alternatives. It is suggested that relevant programs, such as those conducted by the Andrus Center PREP staff, be directed to this age and special interest group.

(4) The Andrus Center PREP experience with 110 high school students indicates that this age group is very willing to participate in a viable, life planning unit of study. By adapting the Andrus Center's PREP model, demonstration programs have been conducted with three high schools in the greater Los Angeles County area -- a high school with predominantly low-income, black student enrollment; one predominantly middle-class, white student enrollment; and, one "continuing school" with 38 students, 16 to 19 years of age, representing low-income, multi-ethnic backgrounds. Such exposure to the development of planning strategies could help redirect the energies of many young people towards a sense of independence and direction towards a viable future.

(5) It is suggested that this Subcommittee support needed research in the following areas:

(a) appropriate structures, techniques, information and dissemination processes for retirement preparation for all levels of society;

(b) job maintenance and/or redesign for older workers;

(c) time use as it impacts on the mental and physical well-being of the aging individual;

(d) methods by which linkage systems can be developed between labor, management, educational institutions and the individual, as such linkages relate to the subjects of age and employment and retirement preparation.

(6) It is further suggested that the Subcommittee on Retirement Income and Employment assume a role of leadership in this emerging field of retirement preparation and life planning by supporting the need for effective and extensive programs in pre-retirement education for government employees. This Subcommittee can indeed become the catalyst for the sponsorship of such opportunities by government agencies across the nation, as well as for labor, industry, business, educational institutions, and community organizations and agencies across the nation.

A panel of 50 distinguished persons were interviewed by the National Education Association (NEA), Bicentennial Committee. One of the findings indicated that there is a growing need for future-oriented planning. The participants expressed great concern because so little such planning is being accomplished either by the individual or by responsible groups. Careful planning in the early and middle years can lead to new life satisfactions and sense of independence during the retirement years. The middle years, especially, provide an optimum time for "stock-taking" and of sober awareness of one's limitations and one's potentials...insights which a resourceful person can use to great advantage in planning for his or her later years.

Frankl in his book, Man's Search for Meaning, states that "the striving to find a meaning in one's life is the primary motivational force in man." That is the task awaiting all professionals responsible for developing and presenting quality pre-retirement education and life planning programs -- striving to help others to develop options which will give meaning to retirement living.

SUMMARY

The preceding overview has provided general responses to the three major questions to which testimony was to be directed. The following is a summary of specific information relevant to each question:

I. What needs should be met by any adequate system of retirement preparation?

An adequate system of retirement preparation must meet the diverse needs and experiences of various socio-economic levels, as well as diverse age and ethnic groups. The following are suggestions founded upon such a basic premise:

A. A suggested system for retirement preparation should be founded upon a life planning concept, and participation should be based upon a life-long learning concept (please see Seven-Step Retirement Preparation System within Recommendations content.

B. Many studies indicate that for a person to be adequately prepared for retirement, he or she must have taken into consideration the following major questions:

1. Will I have a sufficient annual income to provide for the type of lifestyle I want in retirement?

   (a) What are my projected sources of income in retirement?
      (1) Pension
      (2) Social Security
      (3) Property, investments, insurance
      (4) Other (i.e., family)
   (b) What are my projected expenses in retirement?
      (1) General: housing, food, clothing, medical, etc.
      (2) Taxes
      (3) Children (i.e., helping with education)
      (4) Aging parents
      (5) Other
   (c) How can I save money (i.e., consumer education)?
   (d) How can I earn additional income in retirement (i.e., employment opportunities)?
   (e) To whom can I turn for advice?

2. What are some of the questions I need to ask in regards to my legal affairs?

   (a) To whom can I turn for advice?
   (b) Have I made provisions for the distribution of my property in the event of my death?
   (c) Have I established a locator file for property and other legal papers?

3. Have I established a long-range health maintenance plan?

   (a) How recently have I had a complete medical check-up?
   (b) Am I fully aware of Medicare/Medicaid benefits?
   (c) Have I looked carefully at my current health habits and evaluated them as to their impact upon maintaining vitality into my later years?

4. Have I reviewed my lifestyle and relationships in preparation for a transition into retirement?

   (a) Work
   (b) Family
   (c) Friends
   (d) Leisure
   (e) Spiritual

5. What are my current interests and activities?

   (a) Are they diversified?
   (b) Do I participate by myself and/or with others?
   (c) Are they purely mental, or totally physical? Or, both?
   (d) Am I doing what I like to do during my leisure hours?

6. What gives my life a sense of fulfillment?

   (a) At present
   (b) In the future

7. What concerns do I have about my own aging process?

8. Have I developed a viable plan for my future?

C. The provision of an adequate system of retirement preparation would necessitate both financial and moral support from those agencies, organizations and political institutions in a position of influencing decisions by government, business, industry, union and educational entities to offer such a system -- or any part of such a system -- to individuals and groups.

II. In such a system, what should be the relative roles of the public and private sectors: government (federal, state and local); industry (labor and management); educational institutions (public and private); and, other community-based organizations?

In general, it is suggested that these entitites work cooperatively in developing opportunities for individuals to explore the impact of the various transitions which may occur in their lives, especially retirement preparation...and how such transitions may affect financial stability, mental and physical well-being, familial and social relationships, and the dynamics of the individual's lifestyle. The following are more specific suggestions:

A. Government should provide:

1. Financial support, staff release time, and other supports for a retirement preparation system for all government employees.

2. Financial support for research data accumulation relevant to life planning and retirement preparation issues.

3. Encouragement in the proliferation of effective retirement preparation systems throughout the nation.

B. Industry, business and labor should provide:

1. A cooperative atmosphere for the development of an effective retirement planning system.

2. Opportunities for all employees to participate in a viable retirement planning system.

3. Financial and personnel resources necessary to operationalize and to maintain an effective life planning and retirement preparation system.

4. A linkage system by which cooperative efforts are developed in providing the greatest number of opportunities for the greatest number of persons to participate in a life planning and retirement preparation system.

C. Public and private educational institutions should provide:

1. A foundation for cooperative efforts with government, industry, business and labor in developing multiple retirement preparation opportunities.

2. Curricula and continuing education courses which train personnel as Occupational Gerontologists and Retirement Planning Counselors.

3. The expertise necessary to the accumulation of knowledge for the growth and expansion of occupational gerontology and retirement planning systems.

4. Opportunities for individuals and groups to explore, in depth, the various topical areas relevant to sound life planning and retirement preparation.

D. Other community-based organizations should provide:

1. The methods by which the hard-to-reach population groups can be offered the opportunities to participate in relevant life planning and retirement preparation programs.

2. A resource for the retirement system's research, data collection, program planning and on-site practice.

3. Opportunities for linkages between other community entities and those who provide life planning and retirement preparation programs.

III. What, in your view, would be the most appropriate and effective ways of inducing today's young and middle-aged adults to prepare for security and fulfillment in their later years?

Research indicates that exposure to the life planning process acts as a motivational force for individuals to seek additional information; to change attitudes about life planning and early retirement preparation; and, to even change some behavioral patterns, building towards a more positive lifestyle for the future. The following are more specific suggestions:

A. Provision of specific exposure, for those particular age groups, which will help them develop planning strategies, based upon sound planning theory and a viable knowledge base.

B. Units of study about life planning issues should be introduced at least as early as high school. Such programs should be part of the required course work.

C. Early exposure to life planning should be reinforced in community colleges, universities, adult learning centers and at work sites.

D. Middle-aged adults should be encouraged to participate in retirement preparation programs (some sponsors support a mandatory attendance at such programs).

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Pre-Retirement Education and
Life Planning Programs

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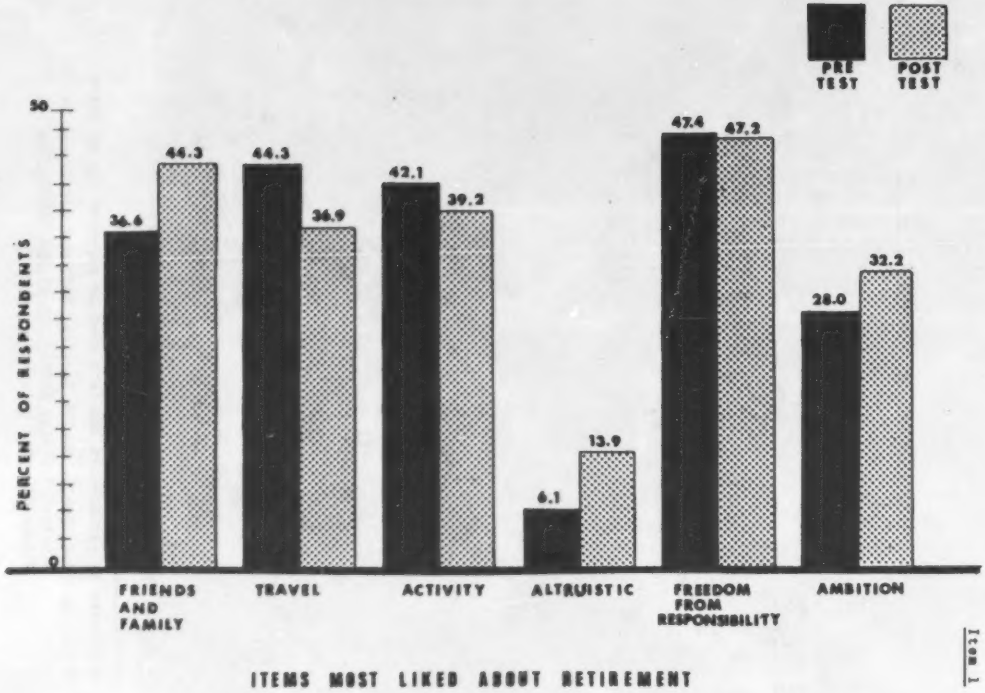

Item 1

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Item 2

LIFE EXPECTANCY - UNITED STATES - 1975

Average Life Expectancy at Age	Total Population		
	Both Sexes	Male	Female
0	72.5 (71.3)	69.4 (67.6)	77.2 (75.3)
35	40.4 (75.4)	37.6 (72.6)	44.2 (79.2)
40	35.8 (75.8)	33.0 (73.0)	39.4 (79.4)
45	31.4 (76.4)	28.5 (73.5)	34.8 (79.8)
50	27.1 (77.1)	24.3 (74.3)	30.3 (80.3)
55	23.1 (78.1)	20.4 (75.4)	26.0 (81.0)
60	19.4 (79.4)	16.8 (76.8)	21.9 (81.9)
65	16.0 (81.0)	13.7 (78.7)	18.1 (83.1)
70	12.8 (82.8)	10.9 (80.9)	14.4 (84.4)
75	10.2 (85.2)	8.5 (83.5)	11.3 (86.3)
80	8.0 (88.0)	6.7 (86.7)	8.5 (88.5)
85	6.2 (91.2)	5.2 (90.2)	6.5 (91.5)

** Figures in parentheses indicate average expected age at death.

** Source: U.S. Public Health Service, National Center for Health Statistics. Vital Statistics of the United States, 1977, Volume VI - Mortality.

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Item 3

OBJECTIVES

1. To provide individuals (45-65 years of age, couples and singles) with information relevant to the need for planning for the future and for altering attitudes and behavior about early planning and retirement.

2. To erase the stigma and threat often associated with "pre-retirement" planning.

3. To provide individuals with information about human development and the dynamics of middle-age.

4. To help individuals and couples develop planning strategies for the future.

5. To provide individuals and couples with the opportunity to explore retirement potentials, problems, anticipations and expectations.

6. To provide individuals and couples with information and coping mechanisms relevant to the major issues to be explored when planning for retirement.

7. To help participants recognize the need for continuous education and rehearsal for the future.

8. To help individuals to arrive at realistic expectations about retirement.

9. To help individuals develop confidence in the fact that, by planning early, they can influence their future and build towards the positive environment in which they will be living in retirement.

10. To present a program which provides for the sponsor:

    (a) financial feasibility
    (b) realistic time involvement for staff and participants
    (c) practical technical and mechanical components
    (d) a potential for continuity during employees' work years with the sponsor
    (e) a structured format for ease of presentation
    (f) a potential for enthusiastic support from the employees and participants
    (g) a structure which provides program components relevant to a retirement "awareness" program relevant to the needs of those who will retire in 1-2 years, 3-5 years, and 6-10 years.

11. To provide an evaluation instrument which will help the sponsor measure the value of the program to the participant and which will provide directions for program changes necessary to meet specific populations needs.

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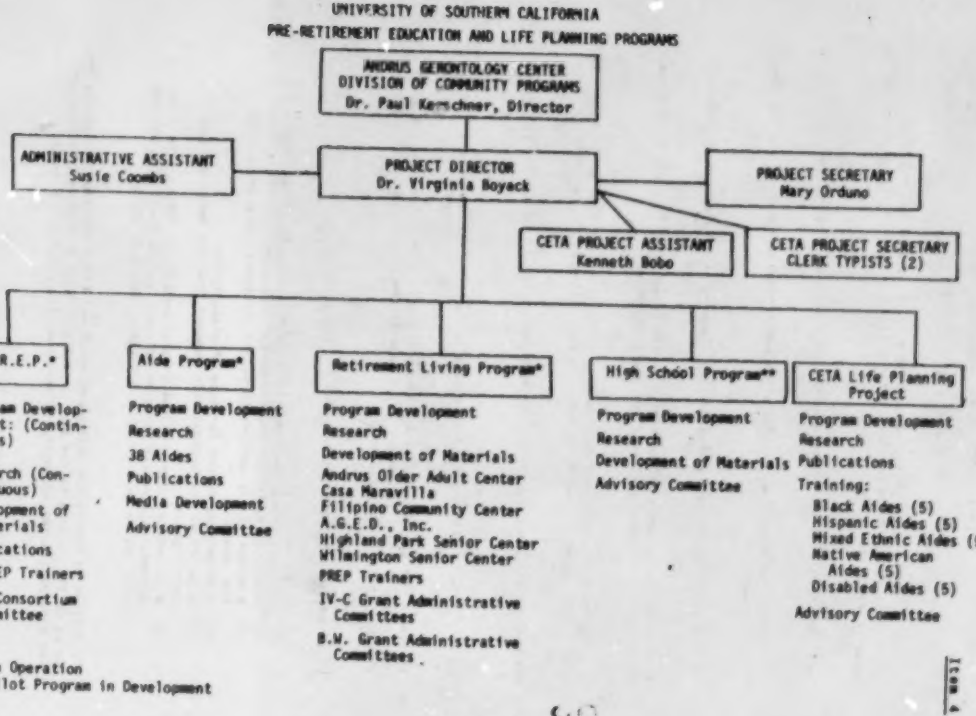
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PRE-RETIREMENT EDUCATION AND LIFE PLANNING PROGRAMS
ANDRUS GERONTOLOGY CENTER
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Dr. Paul Kerschner, Director
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CLERK TYPISTS (2)
P.R.E.P.*
Program Development: (Continuous)
Research (Continuous)
Development of Materials
Publications
49 PREP Trainers
PREP Consortium Committee
Aide Program*
Program Development
Research
38 Aides
Publications
Media Development
Advisory Committee
Retirement Living Program*
Program Development
Research
Development of Materials
Andrus Older Adult Center
Casa Maravilla
Filipino Community Center
A.G.E.D., Inc.
Highland Park Senior Center
Wilmington Senior Center
PREP Trainers
IV-C Grant Administrative Committees
B.W. Grant Administrative Committees
High School Program**
Program Development
Research
Development of Materials
Advisory Committee
CETA Life Planning Project
Program Development
Research
Publications
Training:
Black Aides (5)
Hispanic Aides (5)
Mixed Ethnic Aides (5
Native American Aides (5)
Disabled Aides (5)
Advisory Committee
* In Operation
** Pilot Program in Development

Prepared Statement of Douglas A. Fraser, President, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, and Director, UAW Retired and Older Workers Department

(Submitted by Paul A. Wagner)

Question 1 What needs should be met by any adequate system of retirement preparation?

The UAW is honored to participate in this timely examination of retirement preparation. We believe that formal retirement preparation programs can be of significant value not only to our 1.5 millior active UAW members but also to every segment of the working population. Although the popular media has only recently treated the topic of retirement, our organization is no stranger to the many issues involved in preparing workers for successful retirement living. Our commitment to this vital area began in 1957 during our 16th Annual Constitutional Convention when Resolution 17 (UAW Programs for Older and Retired Workers and Other Citizens) was unanimously adopted by the convention delegates.

Resolution 17 established a precedent for the construction and implementation of one of the first comprehensive types of retirement planning pilot programs in the country. At that time our late President Walter P. Reuther desired to make retirement planning programs a priority bargaining item in contract negotiations. Although retirement planning programs did become a priority program within the UAW, they did not become a priority bargaining item in negotiations at that time. However, during the past twenty-one years we have learned a great deal from our experiences in planning and conducting formal retirement planning programs. Today we would like to share with this Subcommittee our perspectives on the needs to be addressed, the involvement of public and private agencies and methods of increasing the participation of younger populations in the process of retirement preparation.

Many workers who retire early under special contract provisions and those who retire mandatorily do not realize the tremendous changes in

lifestyle that retirement living brings. Many surveys indicate that a majority of workers have not made concrete plans for the future and frequently lack the necessary basic information required to make sound decisions for retirement. As a consequence of this lack of planning and information, many workers do not make a satisfactory adjustment to retirement, often experience additional tension and frustration from within their families and may withdraw from meaningful participation in community and other voluntary activities. The UAW recognizes that without adequate preparation for retirement and opportunities for replacement activities an individual worker may well experience severe depression and anxiety. Without regular social interaction and access to community-based activity in retirement, mental health suffers greatly and can contribute to the increasing rates of alcoholism, divorce and even suicide among retired persons.

Since the early 1950's there has been a growing trend by labor organizations, educational institutions, governmental agencies and industrial firms to sponsor retirement preparation programs. The UAW emphasizes retirement planning programs which supply our workers with current information about the many and varied elements of retirement living, programs which stimulate planning for the future by encouraging each member to formulate a concrete plan of action aimed at changing patterns of living, as well as programs which attempt to promote a satisfactory adjustment to retirement.

The UAW believes that our retirement planning programs should provide as much relevant information as possible for those workers who: one, may not have the necessary basic information about retirement finances, physical and mental health, social relationships, retirement housing options, legal

concerns, leisure time and so forth; second, those workers who may not possess the personal skills to interpret and apply their contractual benefits and relate these benefits to their family needs and finally, those workers who may have unrealistic expectations about retirement in general and successfully managing a budget. We feel that any adequate system of retirement preparation should address these concerns.

The UAW believes that the comprehensive-type retirement planning program offers the greatest benefit to the older worker. Comprehensive retirement planning programs employ specially trained coordinators, provide a wide range of informational resources and regularly scheduled retirement planning sessions dealing with such issues as preventive health care, human relationships, money management, consumer and legal affairs, contractual benefits, living arrangements and leisure time. We do not feel that one or two visits to the personnel office a week to two before retirement begins benefits the older worker in any measurable way. However, several national studies document that most workers receive only the limited, exit-interview form of retirement preparation, a significant number do not receive any preparation whatsoever.

A recent study of workers who did not participate in retirement planning programs revealed that these workers encountered many personal adjustment problems and experienced an unsatisfactory adjustment in retirement. In contrast, other studies indicate that participation in retirement planning programs helped individuals manage their finances, positively affected their work habits and adjustments to the aging process as well as strengthened their family and community ties.

Any adequate retirement preparation program should include a sensitive and well-trained staff, a recruitment policy to attract workers and their spouses, regular, comprehensive and portable retirement planning sessions

which review all aspects of retirement living (and not just finances), attractive, informative and easy to comprehend supplementary reading materials and media forms, effective resource people and most importantly, follow-up in the form of community-based activities and an organization for retirees with supportive staff.

We believe that each older worker should have access to qualified retirement planning staff, a wide range of educational materials and formalized retirement planning sessions. Any adequate program of retirement planning should also center upon several in-depth retirement planning discussion sessions. The UAW believes that at least six, two hour retirement planning sessions should be offered to all older workers in advance of their official retirement date. These programs should be flexibly structured so that large (greater than 30) and small (less than 30) groups of older workers have the opportunity to be adequately informed and to discuss their concerns within each session.

Finally, any adequate retirement planning program should challenge the thinking of each participant and not attempt to tell each member how to live the rest of their lives. In addition to the basic units on finances, health, benefits, leisure, legal concerns and housing, any adequate progran should also focus upon the needs of today's older worker. Comprehensive retirement planning sessions are needed which discuss such nontraditional issues as: marriage and sexuality in the later years, safety in the home, death and bereavement, alcoholism and crime protection. Retirement planning sessions should be conducted in an accessible and neutral location which is agreeable to the majority of the participants.

In August or September of this year, the UAW Retired and Older Workers Department hopes to begin a three year pilot program for the effective design, training and implementation of a retirement planning and life enrichment program for blue collar workers. We hope that this project will

be jointly funded by the UAW and the Fund for the Improvement of Post-Secondary Education or the Administration on Aging. Details on this project and other background information can be found in the supplement following our formal testimony.

Question 2 In such a system, what should be the relative roles of the public and private sectors: Government (federal, state and local), Industry (labor and management), Educational Institutions (public and private) and Other Community-based organizations?

Since the modern labor force is characterized by diversification and specialization, no one institution or segment of the work force could design and implement a singular system of retirement preparation that would effectively satisfy the whole. Any adequate system of retirement preparation must consider the needs and attitudes of today's workers whether blue or white collar, salaried or hourly and be able to address the special needs of various population subgroups (such as low income and minority groups) as well as the many ethnic communities. These mentioned elements within the working population suggest a need to develop numerous innovative approaches to retirement preparation on the part of government, industry, education and community-based organizations.

We feel that government organizations should play a supportive role in the development of retirement planning programs. Federal tax dollars should be channeled back to the state and local level for the design and implementation of comprehensive programs now sponsored by industry, education and community-based organizations. Government-related resource people should be available to serve a given community in the topical areas of public health, social security, consumerism, public housing, recreation and leisure. The growing number of governmental agencies and programs serving the needs of the older population could well assist in resource pooling at the local and state level.

We should also recognize the need for government to initiate and conduct retirement planning programs for its own staff where industry, education and community-based agencies could lend necessary assistance.

For more than twenty years both organized labor and management have experimented with various forms of retirement planning ranging from commerically prepared programs to in-house educational materials. Several national studies document that although a majority of companies state the existence of retirement planning programs, few conduct them regularly, many restrict attendance and the flow of information to all but salaried employees and the few which offer regular retirement planning programs do not provide information beyond the simple explanation of financial benefits.

Even labor organizations have not kept pace with the times by failing to experiment with new techniques and methods of retirement preparation. Some of this reluctance can be blamed on more pressing contract issues, a resistance to change traditional approaches or even a simple lack of experience in programming.

But any adequate system of retirement planning in industry requires the cooperation of both organized labor and management in the construction of comprehensive retirement planning programs which will be offered on a regular basis to all hourly and salaried employees. Such retirement planning programs could be jointly sponsored (as is the case with UAW-Chrysler programs) or be conducted on a shared-time basis, that is half on the worker's time and half on company time (as was the Scovill-UAW program). Both labor and management need to expand the range of issues normally discussed during retirement planning sessions well beyond the financial aspects of retirement. More attention should be devoted to training session coordinators, designing new materials and

media forms, utilizing resource persons and providing easy access to regularly scheduled retirement planning programs for all workers. Research, materials development and recruitment of members by both organized labor and management could supply the necessary encouragement to increase attendance and participation by workers and their spouses in comprehensive-type retirement planning programs.

Educational institutions can play a key role in providing the industrial community with research, training and expertise in retirement preparation. Institutes of Gerontology often linked with higher education could lend resource persons to the community for the purpose of needs assessment and program development. Community colleges, adult education centers and other post-secondary and community educational institutions could establish and demonstrate retirement planning programs throughout the general community, especially for those populations which are not serviced by an existing employment-related program. Educational institutions could also function as focal points for the referral of information and resource persons in order to assist community agencies in effective program development.

Many community-based service and voluntary agencies such as the United Foundation, YM and YWCA as well as various church groups could initiate retirement preparation programs within their local settings. Comprehensive retirement planning programs could be organized around the commonly held needs of a given community organization's membership. These community organizations could recruit existing resource persons, develop programs in cooperation with governmental and educational institutions and conduct retirement planning sessions whenever adequate numbers of participants are available.

In our opinion, retirement preparation programs are still in the developmental phase. Although many organizations, corporations, academic

institutions and labor organizations claim to have the ideal approach, many potential members are not involved or do not have access to these programs. Even when such retirement planning programs are made available to individuals approaching retirement, promotional, outreach and recruitment services are all but nonexistent. The vast resources of industry, government, education and community-based organizations could be coordinated into a viable system of retirement preparation services if each agency is willing to pool resources and cooperate in program development.

Question 3 What, in your view, would be the most appropriate and effective ways of inducing today's young and middle-aged adults to prepare for security and fulfillment in their later years?

Today an ever increasing number of workers are retiring from the labor force with full benefits after twenty-five and thirty years of service. The UAW estimates that over 35% of eligible production workers retired early in 1977, a greater percentage is expected by the end of this year. We feel that these workers should be exposed to retirement and career planning well in advance of their early exit from the work force. To ensure the active participation of younger workers in planning for security and fulfillment in their later years, organized labor and management need to place special emphasis on developing more attractive retirement planning programs and materials, providing a wider range of discussion topics within retirement planning sessions, initiating regular communication (mailings and notices) on benefits, retirement planning and career development and implementing new approaches and recruitment policies for those most reluctant to participate.

But our job is far from over even after more comprehensive and flexible retirement planning programs become an established part of a benefits package; for we must work for long-range structural changes in the working situation

such as time off the job, life enrichment programs, community involvement projects and organizational restructuring. Although many of these proposals seem to be radical departures from traditional work arrangements, they have been (and are being) employed on an experimental basis in a variety of work settings for the past ten years.

Formal time off the job programs such as extended vacations, phased retirements and shorter work weeks not only tend to increase job security but sensitize the worker to prolonged periods of leisure. An individual worker may experience certain changes within the family unit when all its members are exposed to increased amounts of time together under a new leisure situation. Recently the UAW and the major automotive industries established a "paid personal holiday program" which allows a worker several paid days off at regular monthly intervals each year. In the agricultural implement industry, the UAW has successfully bargained for preretirement leave time for workers with the necessary seniority. Eligible workers are allowed up to four weeks of paid preretirement leave in order to make a successful transition to leisure time and to plan their retirement activities. Other industries, several academic institutions and a few government agencies have experienced a good deal of success with phased retirement plans. Phased retirement allows the individual to gradually withdraw from the active labor force by increasing time off the job hourly, weekly or monthly.

Certain private industrial organizations have involved young and middle aged workers in life enrichment and self development programs in which second career, educational and cultural opportunities are provided for workers and their families. Several industrial firms have instituted a series of work related and non-work related educational programs which promote skills development, retraining or the opportunity to develop a new avocation into a

second career. The UAW participates in several joint labor-management retraining and educational programs which provide tuition and other expenses to UAW members who desire to advance in higher education. A number of community colleges and universities take part in this program throughout the country. Leadership and labor education programs are routinely conducted for UAW members and their families even into retirement.

Several utility and industrial firms provide selected staff with various opportunities to serve their immediate community in educational, recreational and retraining programs on company time. Other experiments utilize individuals who are within several years of retirement in order to assist entering employees or to apply their experiences in problem-solving to newly established branch offices. The UAW also provides many opportunities for its members and leadership to serve the local community before and after retirement. In fact, many UAW members increase their involvement in union and community activities after they retire by joining the over 334,000 member UAW retiree structure.

The last major proposal for experimentation and change within the labor force is organizational restructuring. Several consulting, accounting and legal firms are now based on a horizontal rather than vertical structure of organization. This type of structure stresses lateral movement, encourages shared decision-making and promotes skills development and flexibility rather than competition and specialization. These innovations in organizational restructuring have as their goal the humanization of the work site and a greater participatory role in decision-making for the worker.

Any attempt to accomplish structural change for the retirement years, to widen career options for younger and middle aged workers, to provide varied educational, cultural and recreational alternatives and to foster

true independence of living requires cooperation and bridge-building between labor and management, education and government and between theory and practice.

These suggestions for improved retirement preparation programs, increased periods of time off the job, opportunities for self development, community involvement programs and organizational restructuring could effectively induce today's young and middle aged adults to re-examine their working careers and take concrete steps to prepare for fulfillment in later life. At the present time, however, these experiments in industrial democracy are in the developmental stage and lack a coordinated network of community-based service delivery which could provide retirement preparation and life development opportunities directly to the worker at the community level. It is the coordination and implementation of such a community-based network of resources, programs and services that could become one of the most important breakthroughs in improving and enhancing the quality of life for all working people.

This concludes our formal testimony on retirement preparation. We would like to request that a brief background report on our activities be entered into the record. We thank you for this opportunity.

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Background Statement

THE UAW'S COMMITMENT TO RETIRED & OLDER WORKERS

From its inception the United Automobile, Aerospace and Agricultural Implement Workers of America has consistently demonstrated its concern for human betterment and the quality of life through collective bargaining, social action and the political process. In both the work place and in society the UAW is guided by six essential principles of progress. These principles are:

- Organization for the common good
- Preservation of dignity in the work place
- A fair share of the fruits of increasing productivity
- Job and income security
- Community-citizenship responsibility
- Brotherhood and solidarity... in the union, the community, in the nation and in the world (taken from This is the UAW, 1968)

Although this social philosophy is part of the organizational structure of the UAW, in no area is the organization's social conscience more visible than in its concern and support for retired and older workers.

The leadership of the UAW (following the initiative of the late Walter P. Reuther) has consistently promoted a number of pioneering programs and services for its older and retired workers. The major emphasis of these programs has been to provide a secure economic base for the retired member through gains established in collective bargaining agreements with the major automotive, aerospace and agricultural implement industries.

UAW Retiree Programs

Since 1949 the UAW has promoted an extensive four-phased program for its older and retired workers beginning with collective bargaining agreements for better pensions, comprehensive health insurance and other medical benefits. In 1957, the UAW began its second phase of programming by providing a direct service network of counseling and referral services, direct problem-solving assistance on negotiated benefits and educational opportunities linked to a variety of community and consumer action programs nationally.

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In 1966 specific retiree programs were coordinated and unified under the framework of a Retired and Older Workers Department supported by retiree dues. Retiree activities are coordinated by an International Retired Workers Advisory Council and supported by Regional and International Area Councils. Monthly meetings are conducted in over 580 retiree chapters. Within the retiree structure are: service and referral centers, multi-purpose drop-in centers, legislative programs, educational programs, legislative conferences, retirement planning programs, recreation programs, leisure time programs, physical fitness programs, voluntary service programs and other social activities.

The key and last link of the four-phased program has been and continues to be social and legislative action. Many legislative programs and reforms for all retired people have emerged from the UAW retiree movement. The various benefit increases in Social Security, the establishment of Medicare, pension reinsurance protection, tax relief and the establishment of the Older Americans Act have all been influenced by such legislative pressures. Many national aging organizations are supported by the UAW retiree movement, among them are the National Council of Senior Citizens, the National Council on the Aging and the Concerned Seniors for Better Government. The UAW retiree movement also cooperates with various federal, regional, state and local units on aging as well as other labor organizations in order to provide a viable network of services for its members.

The relationship between the UAW and its retired members is a two-way relationship. While active members support retiree organizations with both leadership and an allocation of monies, retired members also contribute leadership and substantial amounts of money for their own programs and organizations through voluntary retired membership dues. In addition, retiree involvement in some of the programs benefit all union members, both active and retired. For example, political activity related

to issues of particular concern to retirees, such as Social Security benefit increases and national health security, also concern active members. Another example of the reciprocal nature of the relationship is retired member support, both financial and moral, for striking UAW members and their families.

Unlike many labor organizations, UAW retirees can attend the local union meetings of the active membership and have a voice and a vote. Retired members can vote and are eligible to run for office in all local union elections and for all positions except those of shop steward and bargaining committeeman. Retired members are eligible to vote and run for convention delegate with guaranteed representation at the constitutional convention. UAW retirees are not eligible to vote for the ratification of a given contract and cannot participate in a strike vote.

Through the efforts of the UAW Regional Directors, their staff and many retired workers over 580 Local Union Retired Worker Chapters have been established in the United States and Canada. Area Retired Worker Councils make it possible for all the Retired Workers Chapters in a community to coordinate their activities. Regional Retired Worker Councils mobilize the Retired Worker Chapters and Councils in a region. The International Retired Worker Advisory Council has the responsibility of recommending policies and programs of concern of the retired workers to the UAW International Executive Board.

UAW Local Union Retired Worker Chapters and Councils in the United States and Canada have been organizing their members effectively to fight for important social legislation for those already retired as well as for those yet to retire. Traditionally, UAW retirees have participated in the Medicare Counseling Program, the many community and consumer service committees and the Retiree Advisory Program.

In addition, UAW retirees provide: education and community services (consumer protection, crime prevention and legal assistance); nationwide direct social services (volunteer work, nursing home support and Citizens

for Better Care volunteers); legislative support (letter writing, lobbying, publishing information by and for retirees, testifying before legislative bodies, working the polls, creating public awareness, participating on advisory boards and commissions on aging and as members of NCSC advocating political reform) and financially supporting the active members (scholarships and assistance during extended strikes).

UAW Retired and Older Workers Department

The UAW Retired and Older Workers Department is an international service department which has been providing a comprehensive program for its members since 1966. Today over 340,000 retired members organized throught the seventeen UAW national (geographical) regions compose the base for service delivery and social and legislative action. The Retired and Older Workers Department has a permanent staff of seventeen full-time International Representatives whose sole function it is to deliver service to the retired and older membership. Each staff representative maintains close contact with the membership in specified regions and in a variety of departmental (national) programs and services. The UAW Dave Miller Retiree Center serves as the central headquarters for all retiree activities and departmental functions. In addition the Retired and Older Workers Department is assisted by a wide range of International UAW Service Departments such as: Circulation, Clerical, Community Action, Community Relations, Community Services, Conservation and Resource Development, Consumer Affairs, Education, Family Education Center, International Affairs, Legal, Manpower Development and Traning, Public Relations and Publications, Recreation and Leisure Time, Research, Social Security, Special Projects and the Womens Department.

Retirement Planning and the UAW

The first formal expression of interest by the UAW in retirement education occurred during the 1957 convention. Resolution 17, UAW Program for Older and Retired Workers and Other Citizens, unanimously adopted by the delegates, contained the following provision:

> "That since voluntary retirement-preparation education programs can be of great value to older workers in planning ahead and preparing for the adjustments of retirement, the International Union undertake, in cooperation with educational institutions and community agencies, the development of appropriate materials and methods for conducting such programs (including the establishment of pilot projects) and seek, insofar as practicable, to establish such programs under joint sponsorship of union and management, with both time off and funds for same to be regarded as workers' benefits, subject to collective bargaining negotiations."

The UAW and the staff of the University of Chicago's Union Research and Education Projects developed a retirement program. About twenty-five regional staff representatives attended a preparation for retirement institute conducted by the University of Chicago in 1958. These trained staff members subsequently conducted summer school leadership workshops in twelve of the seventeen UAW national regions, using discussion guides developed by the University of Chicago staff. The workshop participants included local union committee chairmen and members active in such areas as community service and education. Following the summer school training, efforts were made to develop retirement planning programs at the local level. Programs were conducted by some local unions in Indiana, Iowa, Illinois, New York, Wisconsin and Michigan.

The UAW continued its efforts to develop a retirement planning program in 1957-1958 by seeking assistance from The University of Michigan's Institute of Labor and Industrial Relations. The Institute turned to the (then) Division of Gerontology and others to participate and form a university committee. Woodrow W. Hunter, of the Division of Gerontology, served as the head of a subcommittee that developed proposals for the UAW program. Following the proposals of the subcommittee, Hunter conducted training sessions in retirement education for UAW staff and leaders of selected Detroit

UAW locals. Professor Hunter revised the program materials developed for the Upholsters' International Union for use in the UAW program. Following the training sessions, retirement education programs were carried out by some local unions in the Detroit and Flint, Michigan areas.

In general, UAW retirement planning programs consist of between six and ten weekly sessions of about two hours each. Prospective retirees are encouraged to bring their spouses. Program materials developed by Hunter are still used and focus on a number of retirement themes such as: Work and Retirement, Good Health in Retirement, Mental Health in Retirement, Financial Planning for the Retirement Years, Earning Money in Retirement, Activity for the Retirement Years, Family Friends in the Later Years, Where to Live After Retirement, Legal Affairs of Older People and A Retirement Readiness Checklist.

Typically, a UAW retirement planning program devotes each session to one theme: The number of retirement planning themes discussed usually determines the number of sessions held. Each session is led by a discussion leader who has received union-sponsored training and is often assisted by a resource person from the community who is an expert in the particular topic being discussed.

In addition to its unilaterally sponsored programs, the UAW has pioneered in the development of jointly sponsored retirement preparation programs. Such programs have been carried out with the Scovill Manufacturing Company in Waterbury, Connecticut, the Chrysler Corporation and more recently with General Motors. The Chrysler-UAW program has been conducted in Detroit, Michigan; Indianapolis, Kokomo, and New Castle, Indiana; Twinsburg, Ohio; St. Louis, Missouri; Syracuse, New York; Newark, New Jersey and in the State of Delaware. The UAW-GM program is a pilot program at the present time. To date, Ford Motor Company and International Harvester have expressed an interest in retirement planning but have not established a precedent for a jointly sponsored pilot program.

Recent Developments in Retirement Planning

Since early 1977, the UAW Retired and Older Workers Department has been in the process of revising its approach to retirement planning for blue collar workers. The proposed UAW retirement planning package entitled, "Planning for Successful Living," will consist of six comprehensive sessions detailing the major facets of retirement living and include workbooks for the participants, manuals for session coordinators, a standard presentation format for resource persons and attractive audio-visual and related media forms.

In order to complete and expand upon the original retirement planning revision effort, the UAW Retired and Older Workers Department applied for Federal support from the Administration on Aging (under Model Projects) and the Office of Education (Fund for the Improvement of Post-Secondary Education) in December of 1977. If either agency grants appropriate funding, a three-year project to research, design and implement a new approach to retirement planning and life enrichment assistance for blue collar workers will begin.

The proposed project recommends the development of a six-unit retirement planning program with related media forms and resource materials, the training of UAW staff in the appropriate methodology and the demonstration of the program nationally to a blue collar working population.

The three-year project also proposes to develop a life enrichment informational strategy (career development information), to train a number of life enrichment counselors and finally to deliver the informational

resources to a sample population of older workers in several Michigan communities. This three-year project will attempt to coordinate available community resources into a comprehensive model of localized service delivery and life cycle planning which could well benefit the nation's industrial population.

Ernest D. Bauer
Social Security Administration
14 Cottage Place
Waterbury, Connecticut 06702

Honorable Fred B. Rooney
Chairman House Select Committee on Aging
Subcommittee on Retirement Income and Employment
Rayburn House Office Building
Washington, D. C.

This statement is in response to your invitation to testify about "Preparing for Retirement: Crisis or Challenge." I have been deeply involved in the problems of Aging and in Pre-Retirement developments for over 20 years. Recently, through an Intergovernmental Personnel Act assignment, I served as the State of Connecticut's first Director of Pre-Retirement Education in the first state-wide, state-sponsored program in the country. Therefore, I has some unique insights and experiences to share with your Committee.

I am appearing as a private citizen to present my own views. They do not necessarily reflect the views or policies of the Social Security Administration.

Respectfully yours,

Ernest D Bauer

Ernest D. Bauer

Question I. Needs to be Met by an Adequate System of Retirement Preparat..

Most workers, sixty years of age or older, will spend a portion of their remaining years in retirement whether or not they are compelled to do so. There are approximately 21,4000,000 people in the 55-64 age group. (Projecting the 1970 Census figures) This is generally considered to be the pre-retirement portion of our population. While preparation for retirement could well start much earlier in life, the "threshold" people are most acutely in need of these programs.

a. Some workers will experience the pre-retirement depression syndrome shortly before retirement.

b. Roughly 10% more will suffer post-retirement during the first year after retirement, regardless of their educational attainment or economic leve.

c. Some 30-40% of all retirees will face difficulties of varying severity from the stresses caused by changing to a new life style.

d. The rate of addiction to alcoholism will increase substantially in this group as they "adjust" to retirement.

e. The problems of retirement involve all members of the family unit - not just the retiree. Husband and wife must drastically alter their daily routines and their concepts of their roles in life. Adult children and grandchildren must adjust to the drop in income, the increased free time, the changing needs and the aging processes and problems being experienced by their parents and/or grandparents.

Fifty years ago few people could afford to retire. Now retirement opportunities are open to or thrust upon the vast majority of the older workers. However, the required change in outlook from a deeply instilled work ethic to a leisure ethic presents many with a sense of guilt and uselessness.

An understanding has to be reached that life can continue to be productive, creative, and satisfying, even when one is no longer working. This requires establishing good lines of communications with ones family and friends. It also requires advance exploration, preparation, and planning.

Many will be unable to successfully make the transition from the structured life of work to the freedom of non-work, without the reinforcement provided by pre-retirement education seminars. Offered most effectively five to ten years prior to retirement, these discussion seminars enable the participants to share their concerns and plans with their peers. Through exposing the unknown, investigation of some of the frightening myths about retirement, the pre-retirement preparation programs relieve or dispel many of the mutually held fears and anxieties.

The pre-retirement education programs would be based on a foundation of continuing research into the trauma of retirement. Ongoing studies, Federally funded, should focus on the main problem areas confronting workers in the transitional retirement phases, the effectivenss of current pre-retirement preparation programs and the changes needed to keep them meaningful.

The main thrust of retirement preparation and planning is PREVENTION! Through early preparation many of the hazards of life in the later years can be avoided. It offers a low cost, highly effective approach. Properly directed it could well serve to reduce the costs of caring for our aged population - costs that will grow significantly in the next twenty-five years.

Question II. The Relative Roles of the Public and Private Sectors in an Adequate Retirement Preparation System

Government has a dual role to play in pre-retirement education.

1. It should serve as the catalyst to stimulate the development of discussion seminars.

2. It should provide quality pre-retirement programs for its public service employees.

A. The Federal government should sponsor the research and development of guides for community program organizers, for discussion leaders and for the participants in the seminars. It should also develop training programs for community organizers and discussion leaders. An effective way of doing this would be to pool the resources of the key agencies under the leadership of the Administration on Aging.

Through Federal agencies such as the Social Security Administration, which has a direct involvement in every pre-retirement program by providing resource people and reaches almost every community, the pre-retirement preparation message could be brought to the people.

The Federal government is the nation's largest employer. At least 450,000 of its employees are 55-64 years of age - the pre-retirement age. The group will be almost doubled in size by including the spouses. At present the U. S. Civil Service offers programs which, from my observations, are inadequate. The Government has the responsibility of providing its employees with a quality product. In developing effective in-house programs, it would be showing the way for all the interested groups.

State governments would also play a similar role.

B. As catalysts the states would conduct research through their state universities' departments of Gerontology - sponsored in part by Federal grants, non-profit foundations and contributions from the private sector. They would develop programs to be offered in the communities through community colleges, state universities, private institutions of higher education, non-profit agencies, such as the YMCA's and adult education systems.

As large employers the states are also bound to develop in-house programs for their large pre-retirement employee population.

C. Local government has a similar dual role. Through its highly developed educational system, retirement preparation programs could be offered to the community.

As one of the largest employer groups, local government should develop in-house programs for its many teachers and municipal employees. Generally, assistance will be required from the federal and state levels to bring this about.

D. The roles of labor and management are more narrowly defined. However, some phases of the private sector should play a broad role. The life insurance industry has a direct interest in assuring that their clients adjust well to their later years. Already some companies, such as the Aetna Life and Casualty have developed excellent pre-retirement pamphlets, i.e., "And One Day You Retire." In the future more life insurance companies can be brought into a more positive role, i.e., funding, research, and development of guides and programs. They could also help sponsor community programs by training agents and underwriters to serve as community organizers and discussion leaders.

Large employers are beginning to realize the need for in-house programs. Generally they require guidance, training, and assistance in providing for their employees' needs.

Many unions have long been at the forefront of the development of retirement preparation programs. As yet they have not been able to start any significant number. As joint labor-management ventures, the pre-retirement programs improve labor-management relationships. Pre-retirement preparation courses should become part of the bargaining contract.

This past year - 1977-78 - union representatives, on assignment to United Ways throughout the country, were assigned pre-retirement preparation programs as their priority task. However, had I not been available to train and guide the CAP representative in Waterbury, little would have been accomplished.

Under my guidance and direction, a joint Social Security-Union Management venture is evolving. It will provide in-house pre-retirement programs for many companies in the area. It will set a precedent for all of Connecticut.

Educational institutions were mentioned under state and local governments.

Private institutions of higher learning are entering the field. In the past some pioneered in developing the format and content now being used by most of the discussion seminars, i.e., the University of Chicago.

We very much need some mechanism for coordinating all the sources for developing retirement preparation programs. Whether leadership should be in the hands of the Administration on Aging via the State Departments on Aging, or a Higher Education Institute for "Later Year-Preventics," whether Industry and Labor should jointly sponsor a National Pre-Retirement Institute, requires careful examination.

Perhaps a joint effort of all the components could be most effective. The Social Security forces, already in the field, could provide the initiative and the coordination.

E. The involvement of community-based organizations into much needed pre-retirement activities can be accelerated through the encouragement by government and the private sector. For example, the YMCA's have a full blown program for their staffs. With a little revision it could become a community offering. The B'nai Brith has an excellent pre-retirement presentation for their membership but they don't know how to kindle interest. Similarly, the Lutheran Church has one of the most sophisticated and effective programs. Yet the churches in Connecticut are mostly ignoring it.

Almost everywhere one probes we find evidence of some organizational interest in preparing the membership or staffs for retirement. We also discover a growing interest of the membership as they approach retirement age. The problem is how to help the two to find a common meeting ground so that the needs of the membership will be satisfied. Basically, the organization of community support is necessary to launch and sustain the retirement preparation programs.

Many other religious denominations and community organizations are now poised on the brink of pre-retirement preparation involvement. With good reference materials and energetic leadership, they could soon contribute toward successful retirement of their members.

III. How to Induce "Today's Young and Middle-Aged Adults to Prepare for their Later Years"

Our main concern must be with the 21 million middle-aged people who are within 10 years of their 65th birthday. They need to prepare to bridge the gap between the world of work and the world of non-work. It is urgent that they learn how to do this as soon as possible.

For the younger groups there is no urgency. Core curriculum programs could be introduced at the high school and college levels to enable the students to understand and relate to their parents and grandparents. That should be our only involvement for the present, in my opinion.

A. Reaching the Largest Number of the Pre-retirement Group as soon as Possible

1. Although not as effective as group seminar discussions, the mass media provides the only practical means for reaching the many millions of middle-aged people who would otherwise retire without any advance planning. I would propse to do this with a combination of open-mike - Great Decisions T.V. series of programs. See detailed explanation in attachment "Pre-Retirement Education for the Unreached Mass Audience Via the Media)."

2. Organizing National Programs

A. Utilize government agencies with wide-spread outreach and community contacts to sponsor, organize, and train private sector and non-profit organization personnel such as YMCA, YWCA, Chamber of Commerce, and churches to operate a network of pre-retirement programs.

Proposal-Use Social Security Personnel to Organize PRE Programs

There are approximately 1300 Social Security offices servicing the entire country. Over the years district offices have provided resource people for almost all of the PRE Programs offered. District managers have frequently served on Committees which provided PRE to various communities.

The number of programs available at present have barely scratched the surface. The 80-90 PRE Programs provided in 1976, in Connecticut, reached 3,000 pre-retirees at the most, or about one per cent of the potential age 55-64 audience. Yet, our State had one of the Nation's strongest programs.

By training key district office personnel to organize community PRE Programs, we could achieve a dramatic increase in the number of PRE participants in live programs throughout the nation. The suggested activity would both benefit people approaching retirement age and the Social Security process. The participants would be informed about the available benefits in the financial planning seminar. They would also be instructed on how and when to file their claims and the documentary proofs they will need. This will help the district office in processing the claim.

Refer attached Memo December 16, 1977, "Recommendations for Training District Office Personnel to Initiate and Sponsor Pre-Retirement Programs in their Service Areas."

To demonstrate what can be accomplished by trained social security district office management people, I cite my pre-retirement involvement during the past year. But first let me point out that my involvement in Pre-Retirement Preparation is not typical of social security personnel. Most would require extensive training to do what I accomplished from last October to the present.

1. I helped plan a pre-retirement conference for the United Church of Christ Clergymen of Connecticut. While the conference purpose was to prepare ministers for retirement, I was able to interest the conferees in the pre-retirement needs of their congregations. A substantial proportion of their parishioners are in the pre-retirement age groups.

2. I spoke to the Central Naugatuck Valley Personnel Managers Association about the need for retirement preparation programs. Many were interested in participating in a discussion leaders' training program now in the planning stages.

3. I trained a CAP agent to United Way as a discussion leader. Under my direction we then conducted three concurrent pre-retirement discussion seminar programs for 75 employees of the Timex Corporation and their spouses.

4. I trained the company personnel director as discussion leader and guided him through a full retirement preparation program provided for Risdon Manufacturing Company employees and their spouses.

5. The Timex Company had such favorable response from our programs that management requested more. Since I could not spare all this time for one company, I proposed the following:

a. That Timex provide its own discussion leaders, drawn equally from labor and management, to conduct in-house pre-retirement programs.

b. Utilizing the companies training staff and facilities, under my direction, a training program for discussion leaders would be arranged.

c. That other companies and community organizations be invited to send personnel to attend.

d. That the class be limited to 35 persons.

Plans are now being formulated to hold the training program next September. Thus far seven other companies have arranged to send employees. Two graduate students from the University of Bridgeport have requested permission to attend.

This will be the first such joint undertaking in the state, under the sponsorship of private industry.

6. I have organized a survey of the oldest continuous Pre-Retirement Education Program in the Northeast - The Scovill Manufacturing Company Program. Just prior to selling its Waterbury divisions, management of the Scovill Company furnished me with a list of all their pensioners. It was broken down into those who had participated in their pre-retirement program and those who had not.

Since 1964 the company and its UAW Local 1604 had jointly conducted retirement preparation program. They have long been regarded as the "MODEL" for the entire Northeast including Canada. Questionnaires were developed. I enlisted the services of the Waterbury Junior League to conduct the survey of the 140 former employees who consented to be interviewed. Mattatuck Community College - a State institution - offered to analyze our results through their computer. The questionnaires are being answered anonymously.

They were validated by the Research Division of the University of Connecticut School of Social Services.

The total cost of this undertaking, excluding donated time, will be under three hundred and fifty dollars.

We hope to learn the following from this survey:

1. Why people did not attend the PRE Program?
2. From the vantage point of their retirement experience would they now have elected to attend?
3. What was their experience in adjusting to retirement?
4. How did PRE help those who did participate?
5. Did they use the reference materials before or after retirement?
6. Were there critical areas not covered that should have been?
7. From their present vantage point, which topics do they feel were irrelevant?
8. Did they feel the need for a refresher program just prior to retirement; after retirement or several years later?

This project demonstrates how many diverse agencies and organizations can be enlisted to work on a program of mutual interest. It also indicates the breadth of interest there is in retirement and in the need to prepare for it.

Similar studes should be undertaken of a large variety of retirement preparation programs around the country. The comparative results would provide invaluable insights and understandings.

See Schedule: PREPARATION FOR RETIREMENT - DISCUSSION SEMINARS

Questionnaires: Set I - General Information
Set II - For Employees Who Participated in Pre-Retirement Program
Set III - For Non-Participants

CONCLUSION

Pre-Retirement Education crosses the lines of many diverse disciplines. It provides a common interest for a multitude of organizations, in all sectors of our economic and social structure. It is non-political in its expression. It is PREVENTIVE in its purpose. There is a universal interest, for at some stage in all our lives, hopefully, we will all need to prepare for retirement.

By examining the later years under the bright light of informed reason and discussion, many of the frightening myths and distortions are set aside. With understanding and planning our entry into the non-work years can be inner-structured, providing happiness and dignity.

Attachments

PRE-RETIREMENT EDUCATION FOR THE UNREACHED MASS AUDIENCE - AGE 55 to 64 VIA THE MEDIA

Prepared
by

Ernest D. Bauer, I.P.A. Director
Office of Pre-Retirement Education
Connecticut Department on Aging.

The backlog of people approaching retirement age is so enormous that no matter how many Pre-Retirement Education Seminar Programs are established the bulk of the potential audience will not be reached. The current programs will have to be modified and redesigned. We have to prepare as many people as possible for their almost inevitable retirement.

In the State of Connecticut alone there are about 300,000 people between the age of 55 and 64. At present there are roughly 80 P R E Programs in operation. Assuming that these are attended by about 20 people each; and assuming that that there are three series of seminars given by each organization each year it would mean that there would be about 5,000 people attending P R E Seminars in the calendar year.

This barely scratches the surface, despite some ripple effect with friends, family and associates at work. Therefore other techniques will have to be devised; principally those using the MASS MEDIA. The quality of the programs and the depth of the information disseminated will suffer. However, to get people to think well in advance about retirement; and to acquaint them with many of the problems that lie ahead will be a big step forward. In the process, ways of resolving

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those problems will be discussed.

Pre-Retirement Education is a PREVENTIVE PROGRAM. By exposing people well in advance to the problem areas and discussing ways of resolving them, in a sense we duplicate the process of immunization which strengthens the body so that it can better resist disease "problems".

An "Open Mike" television or radio program series would be the most appropriate format for our mass media outreach effort. Here the listening audience can participate over the telephone. It is not restricted to a passive role.

The broadcasts should be one hour in length. They should be scheduled for the same time each week over a period of eight weeks. They should be modelled after the live P R E Discussion Seminars. Each week a different subject will be discussed, running from "Work and Retirement" to "The Use of Leisure Time".

It is further suggested that there be a group of pre-retirees present in the studio to participate in each program. One or two Discussion Leaders should conduct the "seminars" with carefully selected resource persons to provide basic information. The group of

pre-retirees should be limited to about 15 in number. They should be highly articulate, come from various walks of life. If married, both husbands and wives should attend.

After the resource people have introduced the subject under discussion, the telephone lines should be opened to the listening audience. Their questions or remarks should alternate with those of the live participants. The ground rules should be described at the start of each program. They will include the length of time to be allowed each questionner, the exclusion of personal questions, confining observations to the subject under discussion and forbidding any personal attacks upon any studio participant.

Careful monitoring by highly trained people will be required to keep the in-coming telephone calls moving smoothly along.

There should be extensive publicity in advance of the Pre-Retirrement Broadcast or Televised Series through all of the media sources, as well as through industry, commerce and labor. The audience should build over a period of time, so that in the last few weeks, if the programs have been effective, a widespread audience should be reached.

Information Materials will be developed to strengthen and sustain the interest of the audience. It may be possible to arrange for a weekly series of background articles to be published in the local newspapers. Each week an article could be prepared on the subject scheduled for discussion in the next Pre-Retirement broadcast. This was done very successfully in the "Great Decisions" Series. This will prepare the home audience for participation by reinforcing their understanding of the retirement adjustments.

As the programs gain acceptance, new discussion areas may be introduced. The series could well grow to twelve or fourteen sessions.

The basic programs are as follow:

1. Work and Retirement
2. Physical Health
3. Family and Friends - Mental Health
4. Living Arrangements
5. Financial Planning & Social Security
6. Managing Your Money
7. Legal Affairs
8. Leisure Time

Additional programs to be considered:

1. Consumerism
2. Taxes
3. Widowhood - Women and Men
4. Crime and how to deal with it.
5. Death and Dying
6. Sex in the Later Years
7. Travel
8. Investment Counseling

I feel that this suggested mass media Pre-Retirement Education Series is the only way that we can reach the great numbers of people who are rapidly approaching retirement age. Although most people seem to be retiring without much difficulty, still there are large numbers who find retirement to be a very traumatic experience. They need help which we propose to communicate to them.

It is suggested here that we might start with one, or possibly a few demonstration Broadcast Programs. One Area that we would suggest for test purposes is the Greater Waterbury Area in Connecticut. It's major radio station is WATR and the Waterbury Republican is the servicing newspaper. The newspaper publishes both a morning and an evening paper.

It is further suggested that prime time be purchased from WATR - between 6:30 and 11:00 P.M. The Program will be conducted the same night each week. Thurday nights should be avoided as this is a down-town shopping night in Waterbury.

The reasons for selecting Waterbury follow:

1. It is the home of the former Scovill plant which was a long tradition of providing excellent PRE Programs - perhaps the outstanding series on the East Coast.

2. Waterbury was the City in which the State PRE Program was born by adapting the "Scovill Program" to meet community needs.

3. The first State sponsored, State financed PRE Program in the Country was thus born.

4. Waterbury is a very depressed economic area with many of its largest companies in economic trouble. Therefore large numbers of older workers are facing early retirement. PRE will have great significance in this area.

5. There is an abundance of expertise in PRE in this area, stemming from the Scovill tradition. Mattatuck Community College and the Waterbury Social Security are equipped to play strong supporting roles.

6. The Waterbury Republican has long had a strong interest in PRE. In the past they have given it favorable publicity. There will be no difficulty in arranging a coordinated press and radio relationship.

An additional technique, to fortify the effect of the broadcasts, would be to suggest that members of the listening audience form discussion groups of their own of about 10 people. They could continue with the program for an hour after the broadcast. An actual face to face interchange of fears, anticipations and plans is most valuable. Here again we are borrowing from the "Great Decisions" Programs.

Robert P. Brown
Assistant Commissioner for
Programs Operations, Baltimore, Maryland

December 16, 1977

IEA:32

Ernest D. Bauer, District Manager
Waterbury, Connecticut

Recommendations for Training District Office Personnel to Initiate and/or Sponsor Pre-Retirement Programs in their Service Areas (Your Memo Below memo dated 10/17/77 Public Affairs Standard Work Plans Communications Objective #3)

Since 1963 I have been advocating that social security field personnel provide the leadership to introduce pre-retirement programs in their service areas. I was happy to read that my sense of direction parallels yours.

With my background in the field of Pre-Retirement Education, I feel that I can contribute to the success of your project. In addition to the many Pre-Retirement Programs in which I participated as a resource person, I helped organize and start the first State sponsored, State-wide Pre-Retirement Program in the country. I was then assigned to the State of Connecticut, Department on Aging, to direct this program.

In my year and a half on this IPA assignment, the number of PRE Programs in Connecticut doubled. However, at the most, we reached 3,000 pre-retirees, or about one percent of a potential audience of 300,000 people, age 55-64. Yet our state had one of the strongest programs in the nation. The number of programs available at present have barely scratched the surface.

To successfully implement your recommendations, SSA personnel will have to be trained in how to organize and sustain Pre-Retirement Programs. Specialized knowledge is required.

During my 20 years of experience in this field, I have seen many well intentioned and well conducted PRE Programs come and go. I have seen people, well versed in public relations, who came from adult education, higher education, and community service organizations, plan and launch PRE Programs with great fanfare. Many failed to get off the ground. I witnessed the abject failure of three universities and colleges who worked together many months in Pre-Retirement Consortiums. They could not comprehend why their programs collapsed.

The answer to a successful and enduring PRE Program, as I have learned it, lies basically in several areas:

1. Sound community organizations as I have attempted to outline it in the attached pamphlet

2. A reservoir of carefully trained Discussion Leaders to carry on the Program year after year

3. Selected and accessible reference and background materials

4. Carefully screened resource people who make a positive contribution to the seminar discussions

5. A well-planned public relations and public information program

This leads us to the need for a careful training program for SSA's community representatives. They have to be trained in community organization and in training discussion leaders. For example: After I have approached all of my employers with over 1,000 employees, I may find that several are interested in PRE Programs. This includes one with 95,000 employees located in 17 plants throughout the country. Where do I go from there in helping to set up PRE Programs? Without sound training, preparation, and background, I'll get exactly nowhere. What do we have to offer? Our SSA information materials are too limited in scope. How will we develop an effective program for this corporate giant?

In-house programs for large employers, including the Federal Government, need [illegible] organization composed of management and labor working together in a joint venture. They also require continual Discussion Leader training.

I suggest a Model Program for SSA Region I, which I would like to help organize. I would also suggest the consultant services of Mr. Charles Rietdyke, Retired Assistant Director of Personnel Relations, Scovill Manufacturing Co., who helped start and then directed the well known Scovill PRE Program for many years. We have worked well together for many years and he would be of great assistance.

Starting with Area I, which includes all of Connecticut, we would conduct a concentrated 3-day training for District Office Management on PRE background, selection and use of resource people and community planning. Demonstration programs with group participation would be utilized as a principal training device.

When that training program was completed we would then conduct a series of training programs for Discussion Leaders using the larger cities as bases. In 5-day concentrated training programs, utilizing role playing and participation in mock PRE seminars, we could train about 100 discussion leaders throughout the state. They would come from Industry, Trade and Commerce, Unions, Community Agencies, Higher Education, Adult Education, State and Local governments, Post Offices, and Federal Agencies.

Carefully selected background and study materials would be supplied the role playing participants. These would be the basic literature utilized by the Discussion Leaders and the participants in the actual PRE Programs. There would have to be frequent review and updating of this material.

Now when the D.O. Field Personnel approached either management, labor leaders, or community organizations to suggest PRE Programs, they will have a solid base to rely on. We would then conduct similar programs in the other three SSA Areas in New England.

Observers from the other regions in the country would be invited to attend our training programs. They could then go back and start similar training programs in their regions. If they required assistance we could provide it.

The Discussion Leaders trained by us would be advised to train others so that reservoirs of Discussion Leaders in all areas would be available to meet the needs as their programs grew. The Programs would become self-perpetuating.

In all likelihood periodic training programs for Discussion Leaders and Community organizers will be required. They could be arranged through institutions of higher education.

Retirees would make excellent discussion leaders and they could also assist in organizing PRE Programs for the plants or communities.

Even though legislation may set the compulsory retirement age at 70 in the private sector, the retirement age will, in all likelihood, continue to revolve about the age 65 at which point social security pays full benefits. During the past several years, although compulsory retirement was generally set at 65, a majority of workers have retired before the compulsory age. Whether deliberately or not, the Social Security Administration has been largely responsible for the retirement pattern of the country. Therefore, Social Security should accept its responsibility for helping people learn to prepare for retirement on the massive scale required to be meaningful. As you have stated, our claims processing will be assisted when informed people file claims. Prompt delivery of the necessary documentation will enable us to provide better public service.

We cannot overlook the unrealized need for Retirement Preparation of the millions of people approaching retirement age. Most workers, sixty years of age or older, will spend a portion of their later years in retirement, whether or not they are compelled to do so. Many will experience a difficult transition from a life of work to a life of non-work. Some will undergo a Pre-Retirement Depression Syndrome. Roughly ten percent will suffer from Post-Retirement Depression during the first year following retirement. Some thirty-forty percent of all retirees will have difficulties of varying severity from the stresses caused by changing to a new life style. Their spouses will also be affected by these changes.

Through participation in discussion seminars devoted to the most difficult areas of retirement adjustment, the worker and spouse can learn to anticipate the problems. This will help ease or avoid the stresses of the transition period.

Arranging for these Pre-Retirement Programs on the massive scale that would be meaningful would provide a great public service.

I further suggest the creation of a Task Force to study and observe the Region I Program herein outlined. This Task Force would then plan a National Program. I would hope to be included among the members of that group.

Ernest D. Bauer
District Manager

cc: Robert C. Green, Regional Commissioner
Vincent Gavin, Acting Regional Director
Edward A. Sullivan, Area Director I

Enclosures

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
BALTIMORE, MARYLAND 21235

IPO-322

FEB 14 1978

Mr. Ernest D. Bauer, District Manager
Social Security Administration
Federal Building
14 Cottage Place
Waterbury, Connecticut 06702

Dear Mr. Bauer:

I am impressed with your sound approach to pre-retirement planning for our potential applicants. Your concerns and recommendations are indicative of a long and thorough interest in this area, and they certainly dovetail our public affairs objectives.

Since the implementation of the project you have outlined would require a significant commitment of limited resources, I am asking your regional office to evaluate your proposal with respect to the possibility of conducting a pilot program in the New England area. If we are able to implement a pilot program, I would want it to include the ingredients you clearly indicate are necessary for a successful pre-retirement program.

I am pleased that you took the time and effort to document your recommendations.

Sincerely yours,

Robert P. Bynum
Associate Commissioner
for Program Operations

PREPARATION FOR RETIREMENT - DISCUSSION SEMINARS

*Prepared by Dr. Woodrow W. Hunter,
Division of Gerontology,
The University of Michigan

Ernest D. Bauer - District Manager
Social Security Administration, Waterbury, Ct.

PROGRAM

Session and Title	Content	Booklets (To Read
1. Introduction: Work and Retirement	What to expect from program. What it means to change from a work to a retirement way of life.	"Introduction to the Program" "Work and Retirement"
2. Health	What can the older person do to prevent sickness and disability? When illness strikes, where can one get help? What contributes to good mental health?	"Good Health in Retirement" "Mental Health in Retirement"
3. Family and Friends	Do husband-wife relationships change after retirement? The importance of maintaining friends after retirement.	"Family and Friends in the Later Years"
4. Living Arrangements	How do older people decide on the best place to live after retirement?	"Where to live after Retirement
5. Financial Planning	Importance of financial planning Sources and amounts (on the average) of retirement income.	"Financial Planning for the Retirement Years"
6. Managing Your Money	What can the retired person do to make ends meet?	
7. Legal Affairs	What is the purpose of making a will? What happens when there is no will?	"Legal Affairs of the Older Person"
8. The Good Use of Leisure Time	What useful things can one do after retirement? Can Leisure time activities mean as much as job activities? Skills and Hobby Show.	"Activity for the Retirement Years"

Community Organization Guide For Planning Pre-Retirement

Office of Pre-Retirement Education
Connecticut Department on Aging
Ernest D. Bauer, I.P.A. Director

This Guide has been developed to assist communities which are planning to start Pre-Retirement Education Programs. Experience has shown that, to have successful P R E programs, it is necessary to secure broad-based community support. Time after time thoughtfully conceived programs have failed because they relied solely on brochures or announcements to key organizations, or on newspaper notices to reach people approaching retirement age.

Provisions must be made to supply a continuous stream of participants to sustain the programs through future years. This can only be done by creating a strong and viable community organization that is self-perpetuating. Following are suggested steps for establishing such a Community Organization: These were used to arrange the first Community College P R E Program in Connecticut.

I. A small vigorous Executive Committee should be formed with people who have strong P R E convictions and are willing to devote their time and effort to promote this program. An effective mix might be:
   a. Community Service Officer of the nearest Community College.
   b. Director of the Adult Education Program.
   c. Manager of the nearest Social Security Office.
   d. Representative of the local Labor Council.
   e. Representative of Industry (preferably a "decision-maker").

II. The Executive Committee should firm up its objectives. The program, best suited to the community, should be selected. Plans for a general meeting should be projected. To it will be invited the representatives of management and labor. (The State Office of P R E is available to assist in the organization and planning).

III. Generally a luncheon meeting is the most convenient vehicle for bringing together busy community leaders. A carefully worded and attractive announcement should be sent to top management in industry, banking and the retail trades as well as to labor leaders and directors of continuing education programs.

IV. For the presentation at the luncheon meeting, the Office of P R E has developed an introductory program which lasts about an hour and a half. It has been very well received. We will gladly provide this program for your meeting. At the conclusion of the presentation all participants should complete a questionnaire, indicating their interest in P R E and the number of their employes over 50 years of age, and whether they would pay the P R E Seminar fees for their employes and their spouses.

V. The Executive Committee should meet to review the questionnaires. If positive interest is indicated plans should be drawn to arrange for a P R E Series of Seminars.

VI. Now that there are solid indications of program interest, a permanent committee should be established, with the Executive Committee retaining primary control. Additional representatives from industry, finance and labor may be added to the general P R E Committee.

VII. Supportive sub-committees should be quickly appointed to perform the following functions:

a. Site Selection and Program Scheduling.
b. Arrangements: chairs, tables and blackboards.
c. Equipment; i.e., Audio-Visual.
d. Arrange for Resource People.
e. Background and Reference Materials.

VIII. The office of Pre-Retirement Education will train the first cadre of Discussion Leaders for the Community. This will be done, either in conjunction with the Community College, other institutions of higher education or by the P R E Office.

IX. Once the Community has a program underway, it should train additional Discussion Leaders as indicated by the demand for programs in the community. Ongoing P R E Programs are excellent vehicles for training purposes. They provide exposure to both effective and ineffective techniques. People newly retired frequently make excellent Discussion Leaders. They speak from experience and are strongly motivated to assist others in adjusting to retirement.

Among those selected for training should be Labor and Management People from industries which can sustain in-house programs. They, too, can then train their own additional Discussion Leaders as needed.

With a permanent community P R E organization, feeding participants into the program, and providing the necessary arrangements, planning and publicity, with qualified resource people, discussion leaders, and with a carefully selected site, there will be a sound foundation for an effective and continuous Pre-Retirement Education Program in YOUR COMMUNITY!

X. Discussion Leaders, where not paid by their employers, generally receive a fee for their services.

XI. The charge for enrollment in the Pre-Retirement Education Seminars should be as low as possible, while still adequate to meet all program expenses.

*Proper Site selection and the Time Schedule are critical. Programs arranged during the day are less likely to be attended by married couples, because of conflicting work schedules. Evening meetings generally avoid this difficulty.

Meeting Sites should be well lighted, and provide convenient parking. If in the inner-cities arrange for police protection at arrival and departure times. Meeting rooms should be large and well-lighted.

They should have room for the "V" type arrangement used at the P R E Seminars. There should be blackboards, behind the speakers and outlets for a movie projector. There should also be room for refreshments, and for trainee-observers and other observers.

PREPARED STATEMENT OF ANDRÉE OLIVER, DEPUTY DIRECTOR, MAYOR'S OFFICE FOR SENIOR CITIZENS AND HANDICAPPED, CHICAGO, ILL.

Good morning. My name is Andree Oliver, Deputy Director of the Mayor's Office for Senior Citizens and Handicapped in Chicago. On behalf of the Mayor of Chicago, Michael A. Bilandic, and Robert J. Ahrens, Director of the Office, I thank you for the opportunity to present testimony at these hearings on "Preparing for Retirement: Crisis or Challenge?"

Background. The Mayor's Office for Senior Citizens and Handicapped was established by the late Mayor Richard J. Daley in 1956 as the Mayor's Commission for Senior Citizens. It was the first municipal office on aging in the United States. Today, the Office administers a large number of programs, such as Titles III and VII of the Older Americans Act, the Office is the designated Area Agency on Aging for the City of Chicago. The Office also administers Community Development, Community Services Administration, ACTION, and Comprehensive Employment and Training Act programs, as well as others for both the elderly and the handicapped on an age-comprehensive basis.

Mayor Michael A. Bilandic has continued, in the tradition of the late Mayor Daley, to provide leadership and support to the older and disabled citizens of Chicago. The Chicago city budget includes $2,816,065.00 of corporate funds, 12.5 percent of the Office's total operating budget for services to the elderly and handicapped.

In 1956 a number of citizen committees were organized by the new Commission, a Committee for Employment and Retirement among them. Initially, this Committee directed its efforts to

the development of jobs for senior citizens. However, it soon became apparent that if the work of the Commission was to be preventive, as well as merely remedial, the Commission would need to consider younger age groups, before they reached an impoverished old age, while there was still time to plan for productive later years. The problems of inactivity, insufficient financial resources and emotional and physical impairments--so prevalent among numerous older persons--appeared, to the Committee members, to be related in part to insufficient preparation for retirement living. Working with our Recreation and Education Committee, the Employment and Retirement Committee began to plan a major conference on the topic of preparation for retirement.

The "Time for Living--Conference on Planning and Preparation for Retirement," was held in the Fall of 1959. It was based on a Retirement Education Project that included a survey of community retirement preparation programs. This conference was attended by 212 business, labor, church, welfare and civic leaders. Proceedings of this first conference included recommendations that the Commission assume a leadership role in the provision of technical assistance to business and industry on the "why and how" of preretirement programming. Workshops were proposed on different aspects of retirement preparation and in the development of the resource materials needed to carry out preretirement preparation activities.

Following that conference, the Commission began a systematic program of outreach to Chicago area employers to establish

pre and postretirement programs and to train key personnel in the conduct of retirement preparation programs. These activities continue to this day and, by and large, have been quite successful with large employers (those employing 250 or more workers).

During the last twenty years, audio-visual and printed materials were developed. In 1961, a series was developed for public television in cooperation with the Industrial Relations Center of the University of Chicago. Our thirty minute color film, The Rest of Your Life, released in 1967, is still in wide use. A companion booklet, developed earlier in 1964, to assist individuals prepare for retirement could be combined with this film and other materials to constitute a program package. Later publications followed on the need for establishing retirement programs, the methods for conducting these programs, and a booklet titled, "Your Pension: How to Make Sure You Get It."

In 1971, a major survey of retirement programs in the Chicago area was carried out and published by the Office. Employer seminars, conducted in 1974, were offered and attended by a wide variety of representatives from business, industry, hospitals and institutions of higher education. In 1977, general public seminars geared to employees of small business were attempted in each of the five areas we have designated to bring services to the elderly and handicapped of Chicago. Seminars in retirement preparation to reach employees of small business,

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or individuals in the community, however, have proved extremely difficult to implement. This fact reflects, to a considerable extent, the reluctance of the general public to consider and plan for retirement, and the validity of hearings, such as these.

We have been requested to limit our discussion to three concerns:

1. What needs should be met by any adequate system of retirement preparation?

2. In such a system, what should be the relative roles of the public and private sectors: Government (federal, state and local); Industry (labor and management); Educational Institutions (public and private); other Community-based organizations?

3. What would be the most appropriate and effective ways of inducing today's young and middle-aged adults to prepare for security and fulfillment in their later years?

<u>What needs should be met by any adequate system of retirement preparation?</u>

We have found that the need for retirement preparation programs is often not found on a stated list of priorities of the average Chicago resident, yet, we are managing a social service system, one hundred nutrition sites and employment programs serving in excess of 50 percent impoverished older persons. The disturbing problems of inadequate income and the deprived social situation of numerous senior citizens in Chicago, we

believe, is partially caused by inadequate concern and planning for their later years.

The fact that people are living longer places added emphasis on the importance for constructive planning for the later decades of life. If retirement years are to be enjoyed and productive, it is necessary to plan a program that will benefit body, mind and emotional needs. Ideally, retirement should provide as many opportunities and interests as existed before retirement and we know that the needs of a preretiree are varied and many.

It is logical to prepare for retirement. It is consistent with earlier life activities to plan ahead in order to achieve goals and objectives. Normally, all segments of the life cycle are planned: education, work, family. The same careful consideration should be given to the later years.

- A sound system of retirement preparation must begin with strong outreach, communication and mass media contacts: first, to sensitize the average citizen to the need for planning; second, to create an awareness of the areas that such planning must cover.

  Prevailing attitudes toward aging are negative in our society. It is, therefore, important to counteract myths and discrimination about aging through systematic programming. Without a more benign social climate for today's elderly, few preretirees will willingly consider their own aging or the need to plan for it. Therefore, besides

promoting retirement planning per se, we support such activities as media watches, the recent TV series, "Over Easy," and all others that attempt to present a positive image of aging.

The elimination of negative social attitudes toward aging should begin in elementary, secondary and higher education. Three weeks ago our Office sponsored, with the Chicago Board of Education and Department of Human Services, our third annual Intergenerational Conference. This year the conference directed its attention toward incorporating studies in aging programs in our school system. The conference report will include proposals for inclusion in the school curriculum (e.g., in the social sciences, health and physical education, home economics, music and art) of an examination of the process of aging and the contributions of older persons to our culture and society.

The success of the life insurance industry indicates that with a strong public information program people will consider future eventualities that may seem remote from their daily lives or immediate circumstances.

- A sound system for retirement preparation should concentrate on reaching the mature worker and family. The age range of forty to sixty is the primary target group for retirement preparation programs--not because forty to sixty is the best time to plan, but because this is the last chance really, for those in that age range to attempt to develop a

plan and to improve retirement prospects.

- A sound retirement preparation system should meet individual needs. Basic topics in a retirement education program should include:

1. orientation for retirement
2. financial planning
3. income maintenance
4. employment for supplemental income
5. funded benefit programs
6. health maintenance
7. nutrition
8. living arrangements
9. legal matters
10. use of leisure time
11. intergenerational contacts
12. safety
13. participation in community activities
14. cultural and educational resources for the older person
15. family relationships
16. psychological aspects of retirement
17. volunteerism and new careers
18. elimination of earning ceilings for retirees

Different emphasis should be developed for homogeneous groups of people. Industrial workers have different problems

from white-collar workers; women, at least today, are still in circumstances different from those of men; minorities have the special longstanding problems that make retirement a potentially, particularly difficult time of life; non-English speaking citizens face basic communication barriers to obtaining information on this topic. All of these groups must be accounted for in structuring programs to meet their needs. Some of these groups have never had the opportunity to direct their attention away from daily survival activities.

- A sound retirement preparation system should be comprehensive and practical to allow for variation in circumstances and known individuals; simple, to assure that critical concepts are remembered and understood; flexible, to permit change within a structured plan for meeting different circumstances throughout life; and should include freedom of choice to take advantage of new services or programs.

What should be the roles of government, industry, educational institutions and community-based organizations?

A successful retirement is a commitment to those with whom one interacts, to the community at large and to one's self as an individual. It should be a societal rather than a singular responsibility, and as such, should involve the efforts of commerce and industry, government and the individual himself.

- Educational institutions can play a major role in promoting

sound retirement preparation by establishing gerontological curricula with preretirement planning as a subdiscipline. Adult education programs should specifically offer courses on this topic and efforts should be made to promote these courses through effective outreach and, if possible, to include them on educational television.

An open and inviting admissions policy to older persons should exist in the universities. Courses in mid-life career changes and retirement activity are integral to the success of those who choose to return to academia to help prepare for or enrich their retirement years. The multidisciplinary centers in gerontology should be encouraged to enrich the subject area to meet the needs of all sectors of our population.

- Labor and industry have a responsibility to their members or employees to establish and maintain preretirement programs, furnish pertinent information on the topic, develop post-retirement benefits and company or union programs, provide counseling and redesign jobs to permit older workers to continue their association with their lifelong employer or union.

Community organizations should be encouraged to develop special preretirement education programs to meet local needs, to contribute the outreach skills they alone possess to involve those people who are isolated from existing programs and to provide individual counseling for both pre and postretirees.

• The background material on the Mayor's Office for Senior Citizens and Handicapped provides one example of the role local government can play in promoting retirement preparation. The Office conducts extensive educational programs for key personnel in business and industry and in the community. It supports other efforts through technical assistance, development of audio-visual materials and funding, and works closely with all systems to insure that retirement preparation is considered in institutional planning.

The federal and state governments can encourage and support local initiatives through funding, research and demonstration and education.

The federal government might establish model preretirement counseling centers, through the Area Agencies on Aging, to research and demonstrate the need for accessible counseling services. Government should seek better ways to educate enrollees on the eligibility factors and limitations of benefit programs (e.g., Social Security and pension programs) beginning with the first contributions so that people clearly will understand the impact of government and private programs on their futures. The current Employee Retirement Income Security Act (ERISA) guidelines on pension status have taken a step toward this goal, but communication on this topic still must be improved.

Research that can probably happen only through planned cooperation between the public and private sectors covers a

broad range of topics, such as: a much needed state of the art and assessment; effective methods of outreach to individuals, minorities, small business, unions and other hard to reach groups; effective curriculum and the evaluation of curricula in use; longitudinal studies of the impact of retirement preparation; special needs of widowhood and single women; leadership training and manpower needs; future needs in a changing society; training standards.

By supporting the so-called aging network (the State, Area Agencies and City Offices on Aging) as the vehicle to disseminate information on this important topic, it may be possible for government to develop a systematic and comprehensive approach to the problem by establishing a quasi affirmative action plan which might:

- require all governmental units to provide retirement preparation for its own employees. As the single largest employer, government has a special responsibility to its own work force, as well as a responsibility to show the way. For example, the Social Security Administration could easily institute a promotion and referral campaign to Area Agencies on Aging for retirement counseling.
- require all recipients of public funds to provide its employees with retirement preparation counseling.
- require educational institutions, from the secondary level on up, that provide career counseling to the young, to include retirement planning in this counseling.

Doubtless, other systemc can be identified which, together, would reach an enormous number of individuals at critical stages in their life time and whose roles in families, communities, or organizations cannot fail to raise awareness of the need to prepare for retirement and to spread in a ripple effect throughout the social fabric. With the aging network in place to serve as an omnipresent resource, this objective could be achieved at minimal cost to these systems.

What would be appropriate and effective ways of encouraging today's young and middle-aged adults to plan for their later years?

- A sound system for planning for the later years must also be addressed to young workers just entering the work force.

We know that tomorrow's elderly will be more numerous, better educated, but also faced with much economic, environmental, and social change. How will sound retirement preparation need to be altered to reflect these changes and to remain helpful? A sound retirement system needs to consider these questions now, if we are to meet the future needs of today's young workers.

Probably the most critical need to be met in order to insure secure and fulfilling retirement for today's young and middle-age adults is to develop in them a positive image of aging, an image that will make them look forward to the later years as a productive and fulfilling part of life to

be lived to the fullest, like the first of life, an image that will make planning for later years not a distasteful topic but a positive one. Since retirement preparation focuses on the preretirement years, the precepts now in use and discussed earlier are applicable to preparation of today's young and middle-age adult.

We need:

- to change social attitudes toward aging in our society.
- to promote consideration of retirement preparation through systems that have broad outreach to the target population.
- to develop opportunities for intergenerational contacts that reinstate the status of the aged in our society.
- to conduct mass media campaigns, on the one hand to combat negative attitudes towards aging, and to create positive ones on the other.
- to insure quality and available programming through research and the establishment of standards.
- to develop accessible, flexible programs to meet the varied needs of the general population, minorities, women and others.

Prepared Statement of Albert E. Peterson, Action for Independent Maturity, and the American Association of Retired Persons

I am Albert Peterson, Public Affairs Coordinator for Action for Independent Maturity, a non-profit, non-partison division of the American Association of Retired Persons (AARP). Accompanying me today is John Martin, the former U. S. Commissioner on Aging, who is a staff consultant for our Association.

Action for Independent Maturity (AIM), was established in 1971 for the express purpose of developing pre-retirement planning programs for working Americans within fifteen years or more of retirement age. Motivation for this was the growing evidence that many among the increasing numbers of persons forced to retire were so unprepared for the transition to a life suddenly free of daily work routines that they suffered an identity crisis, a sense of uselessness, disorientation, depression and even suicide.

To help offset these negative factors, AIM developed comprehensive group programs for employees and other pre-retirees, a magazine called Dynamic Years, a series of self-study retirement planning guides, and professional training courses for those who administer pre-retirement programs.

As evidence that our programs and methods are meeting a need is the fact that, in only six years, our membership has grown to 420,000 working Americans; our retirement planning seminars are being provided nationwide to thousands of employees by over 600 major corporations, government agencies, educational institutions, religious and other organizations. The one-week professional training programs for employee relations executives and other

management are usually oversubscribed.

AIM was the first to provide easily available comprehensive pre-retirement materials on a nation-wide basis, which permitted sponsors to concentrate on program presentation rather than program development.

An article in the April 24th issue of Business Week describing the rapidly growing popularity of pre-retirement planning programs referred to AIM as "the major moving force."

Judging by current trends, it appears certain that the number of employers providing retirement planning programs, and of workers requesting them, will increase at an accelerated rate. As pension plans and social security benefits improve, it is predicted that an increasing number of people will choose early retirement despite the newly advanced mandatory retirement age. By 1985, the number of workers at or near retirement age will grow by a third to over thirty million. And by the year 2,000, the U. S. population will include almost thirty-two million people age 65 or over; 9 million more than in 1975.

Chairman Rooney has noted that "the need to adequately prepare to make ones choices from among the many retirement options available is self-evident."

That need is certainly self-evident to those of us who are specializing in this field and to a growing number of enlightened employers and individuals. But there still exists today a multitude of

persons who do not think beyond the dollar sign, who feel their pension or social security is all they have to worry about. And there are thousands of employers who feel they have done their duty by informing a worker shortly before retirement of his financial benefits, if any, and perhaps giving a party, a farewell gift and a handshake.

In short, there continues to be a pressing need for education among working Americans and their employers for more comprehensive preparation long before the separation date.

Realizing this, we at AIM during the past four years have joined with Chambers of Commerce, personnel associations, schools and other local organizations in presenting one-day Retirement Planning Workshops in over one-hundred metropolitan communities. Hundreds of employee program administrators and other management have been made aware of the critical need and benefits of sponsoring early and broad-based pre-retirement programs. These workshops have stimulated many companies, local governments, educational institutions and others to initiate or expand such programs.

What needs should be met by any adequate system of retirement preparation?

Needs of the whole person - physical, emotional, social and economic - must be given equal emphasis in any truly adequate pre-retirement planning program. This is substantiated by sponsor evaluations of group programs, surveys of retirees, and comments by hundreds of seminar participants.

Counseling on financial matters alone does little to motivate a

person to erect defenses against failing health, feelings of isolation, uselessness, depression and other common problems in aging.

In our comprehensive group programs we invite participants to review options available to them in at least eight basic areas. These are:

Challenge of Retirement
Housing and Location
Health and Safety
Legal Affairs
Attitude and Role Adjustments
Meaningful use of Time
Sources of Income
Financial Planning

We purposely position financial matters at the end to emphasize that health, use of time, mental attitude and other topics are also important. Sponsors are encouraged to include a ninth session in which they discuss employer benefits. Doing this in a group setting helps reduce the time and money spent on one-to-one counseling.

What should be the relative roles of the public and private sectors in retirement planning?

Federal, State and local government agencies should assume a leading role as models and catalysts for the private sector in providing adequate

pre-retirement programs for their thousands of employees. A small number of administrations are now fulfilling this function by offering comprehensive group discussion programs. But too many personnel departments only provide minimum counseling which is usually limited to employer benefits.

Several Federal agencies have requested AIM staff and Volunteer Consultants to assist in presentation of large group lecture programs. We have found that the content and method of implementation of such programs is most often left to the initiative of the individual administrator. In many cases there seems to be little or no central coordination or guidance among units of the same department.

Although appropriated funds exist for the career training of individuals, we have found that authorized financing is seldom available for procurement of tested materials and publications which could simplify presentation and increase the effectiveness of government retirement planning programs.

In order to reaffirm the increasing importance of retirement planning education for all qualified employees, civilian and uniformed, we urge this Subcommittee to recommend action allowing greater authority and coordinating capability to those responsible for setting personnel policies so that they may foster more comprehensive programs and provide more direct guidance in their implementation.

We also suggest that this Subcommittee recommend that a percentage of appropriations for each agency be specifically allocated for improving the quality, the scope and the frequency of pre-retirement planning programs.

Private industry and business as well as labor unions should be encouraged to initiate pre-retirement programs as an integral part of their personnel operations, not only as a social responsibility but also for their own benefit. Surveys have indicated definite dividends for sponsors of such programs in improved employee attitudes and loyalty, less resentment at facing retirement, better work performance and good community relations.

Public and private educational institutions are in an excellent position to provide retirement planning not only for their own staffs, but for the community at large and for those employers who are too small to provide a program of their own. We suggest that the Subcommittee advise HEW's Office of Education to distribute guidelines encouraging schools, colleges and adult education organizations to establish such programs.

Community-based organizations such as religious organizations, fraternal clubs, United Way, the Red Cross, Chambers of Commerce and others can also be leaders in providing retirement planning for adults in their areas. A good example of this is the Greater Philadelphia Chamber of Commerce which is actively promoting the concept of comprehensive pre-retirement planning and providing seminars under a trained coordinator to both large and small businesses and industry.

What are the most appropriate and effective ways to induce young and middle-aged adults to prepare for their later years?

Practical preparation for the later years ideally should be a life-

long priority. This concept will become more important in the future as our population grows older and mandatory retirement age is eventually eliminated. But for those in the middle years -- from the 30's through 60's -- there is often a natural resistance to taking action that could make the later one-third of their lives a time of fulfillment instead of misery. Blue collar as well as executive often hesitates to admit they are old enough to think about such planning. Many feel they will take care of it when they get there.

Sponsors of retirement planning programs have found that some employees decline to participate for fear of being treated as retirees before they are actually ready to retire. Others may be suspicious of the employer's motives, afraid that it may be prelude to an "early out." Others feel that participation might hurt promotion chances, and some fear an invasion of privacy.

Much of this resistance may be overcome by information to the entire workforce on the objectives of such a program and benefits that can be gained from it. It also helps if individuals are not singled-out but are left to their own option in responding to a general invitation. Some sponsors have increased participation by inviting retirees to tell employee groups of their transition and adjustment to life off the job. Often they will express the wish that they had started years earlier to prepare and urge the workers to take advantage of the program as soon as possible

The public media are devoting more attention to the proliferation of retirement planning programs and often feature participants who are

enthusiastic about their experience. Such reporting should be encouraged. Summaries of this hearing, for example, if published by newspapers and magazines, could help educate and motivate individuals as well as employers.

In conclusion, we fully agree with Chairman Rooney that there is a serious need for retirement preparation and that it should be initiated as part of the life cycle, as early as possible, so that retirement need not be a time of crisis but a time of challenging growth and self-realization.

To satisfy this need, we recommend:

That more aggressive education efforts be undertaken in both the public and private sectors to encourage employees and employers to participate in and sponsor early comprehensive retirement planning programs covering all aspects of present and future living,

That Federal, State and local government agencies, by their example, act as model and catalyst for the private sector,

That those responsible for personnel operations in the Federal community be given more authority and coordinating capability in promoting comprehensive pre-retirement programs in all agencies and units and, to supplement this,

That a portion of appropriations for each agency be specifically allocated for the expansion and upgrading of retirement planning programs.

Justification for such action was well expressed by our present Vice President. When he introduced the Federal Employees Pre-Retirement Assistance Act of 1975, then-Senator Mondale said: "By learning to avoid the pitfalls of retirement, and how to get the most from the new opportunities being opened up, pre-retirement planning can facilitate the vital and necessary continuation of personal growth."

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Appendix 2

Prepared Statement of Professor Woodrow W. Hunter, Professor of Education and Research Scientist, Institute of Gerontology, University of Michigan

As a Professor of Education and a Research Scientist at the Institute of Gerontology of The University of Michigan, I have been involved in the field of preretirement and retirement education for three decades. I want to take this opportunity to commend this Subcommittee for focusing attention on this important area. Hopefully, your activities will expand and improve opportunities for older Americans to prepare themselves for the retirement period of their lives.

The record shows that most older Americans make a good adjustment to retirement despite serious threats to their personal security; and they adapt satisfactorily to the changes which accompany retirement without having participated in formal retirement education programs. This is not to say, however, that older Americans, even those who are predisposed to make a good adjustment to retirement, cannot profit from the opportunity to educate themselves for retirement. Indeed, research shows that those who participate in preretirement education programs are more likely to have given careful thought to retirement and to have a positive view of retirement than those who do not participate. What then is the value of preretirement education? The purpose of this statement is to underscore the reasons for retirement education and to prioritize those issues which should be addressed in order to encourage increased opportunity for older Americans to prepare for the retirement years and learn to grow old.

Beginnings and Recent Developments

Historically, retirement education had its origins in the late 1940's, when the first educational program for retired older people was offered by Drs. Clark Tibbitts and Wilma Donahue in the spring of 1948 at The University of Michigan. A few years later, Dr. Donahue and I developed the first pre-retirement education program for members of the Upholsterer's International Union in Chicago and Naperville, Illinois.

At about the same time as Tibbitts and Donahue were pioneering in education for aging at The University of Michigan, Ernest Burgess and his associates were developing education for aging at the University of Chicago. Most subsequent developments of education for aging, in this and in countries of Western Europe, can be traced to these first attempts at two American universities to explore ways to utilize the educational process in helping older people to understand themselves and their situations in the later years.

Two other early developments should be mentioned. With the advent of private pension programs, industrial organizations accepted responsibility for informing employees about the amount of income that was to be available in retirement. Many of these industries have now extended the scope of their programs to include other aspects of retirement such as where to live, health issues, financial planning, the use of leisure time, and so forth. It must be noted, however, that there are those in industry who still deal only with pension programs in the belief that it is an invasion of privacy to delve into the other retirement concerns of their employees. Whether on this limited basis, or on a more comprehensive scale, there is hardly an industrial organization today which does not educate its older employees for retirement in some manner. The same can be said for many labor Unions, especially the larger ones in this country.

The other early development relevant to the field of retirement education was the institution of counseling programs for older people on a one to one basis. Credit for the first attempts of this kind in the 1940's should be given to Clare deGruchy, Lillien Martin, Edward Stieglitz, and Moses Fraelich. Unfortunately, counseling of older people on a one to one basis never developed to the same extent as did group educational programs such as preretirement education.

Attempts to establish statewide systems of preretirement education represent one of the newest developments in the field. Community colleges such as those in the state of Massachusetts and several state commissions on aging are most deserving of credit for having the foresight to create the organizational and leadership structure for encouraging such statewide development. In this connection, much can be learned from similar efforts in Great Britain to develop preretirement education councils on a city by city basis.

The development of statewide programs has been given further impetus by an 18 month Model Projects on Aging which I recently completed in the six mid-western states comprising HEW Region V with funds supplied by the Administration on Aging. Approximately 300 individuals from such organizations as colleges, universities, public schools, industry, labor, libraries, churches, and government were trained to promote, organize and conduct preretirement education programs as well as to train additional leaders. It was presumed that well trained leaders were the key to the further development statewide of preretirement education programs.

Four basic publications are now available as a result of the project: A preretirement education leader's manual; a 90 page bibliography which organizes the literature on preretirement education and reflects the recent growth of the body of knowledge surrounding this field; a pre-

retirement education syllabus which makes it possible for others to conduct similar training programs; and a final project report which presents results of the training program. These materials are being made available to interested persons throughout the country, and, hopefully, they will have a beneficial effect upon future developments.

Issues in Preretirement Education

These historical developments provide the experiential base from which to discuss relevant issues for the future of preretirement education for older Americans. Three of these issues are of special interest to this particular audience:

1. What are the characteristics of an adequate system of retirement education?
2. What techniques are available for motivating participation by younger, middle aged and older Americans to prepare for security and fulfillment in the later years?
3. Whose responsibility is it to prepare Americans of various ages for retirement?

Following a discussion of these selected issues, I will make some recommendations for the role of government in retirement education.

The Characteristics of an Adequate System of Retirement Education

An adequate system of retirement education recognizes that there is no state set of factors shaping a sure and secure retirement future for older Americans. Rather there are ongoing changes in values, attitudes, life styles, and most of all the economy which are constantly reshaping the future of older Americans in retirement. Thus, preretirement education must be alert to these changing circumstances of retirement as well as they can be anticipated, including new federal legislation which has

extended the working lives of many Americans beyond the traditional retirement age of sixty-five.

The retirement stage of the life cycle was produced by rapid technological change -- medically, in the shape of extended life expectancy, and economically, in the capacity of our society to support a non-productive segment of the population. New bio-medical advances are sure to continue the extension of life expectancy and to produce longer periods in retirement. There is no guarantee, on the other hand, that this will further enhance the position of the elderly in society.

Although retirement education programs vary, their content has become considerably standardized on the basis of a growing number of studies of the needs of older people which show that occupational retirement removes the base from which personal satisfaction and social approbation are derived. Additionally, drastic reductions in income, vast increases in leisure time, poor health and declining energy, and the need to readjust longstanding marital and social relationships are all common concerns. It is at this point, too, that the retiree may face the decision about a different residence or community in which to live.

At a minimum, therefore, an adequate system of retirement preparation should deal with the need for financial planning, physical and mental health concerns, meaningful activity in retirement, and social productivity.

I would now like to summarize points relevant to these topics which would be raised in a retirement preparation program.

Financial Planning

The fact of the matter is that many people arrive at the retirement stage without ever having done much financial planning and without having learned how to invest, manage, or spend their money wisely. To expect

otherwise of many people, especially those who have existed in or near poverty, is unrealistic.

Despite these deficiencies, there is much which preretirement education can do for people on the verge of retirement to help them determine how much they will have to live on and to teach them skills for realizing the maximum advantage in the market place. Consumer education is one of the most important components of preretirement education.

The topic of inflation is almost surely to arise in any discussion of financial planning for the later years. Unfortunately, by the time older people participate in preretirement education programs, most of them have limited options for hedging against inflation. Even so, information can be discussed about cost of living increases in social security and pensions (most of these increases fail to keep pace with inflation, but they are better than no increase at all); safe investment procedures designed to hedge against inflation; and all those decisions which older people can make to stretch their retirement dollars.

Physical Health

Good physical and mental health is as necessary in retirement as in the other stages of the life cycle, yet during the later years it becomes less taken for granted and more the result of deliberately practiced health habits. The base for extended good health is established early in life. An adequate system of retirement preparation should ideally begin at that time. As the retirement years approach, proper habits of diet, exercise, and other elements of preventive medicine should be stressed. The retirement education system should also promote understanding of the physical problems peculiar to later maturity and to possible corrective remedies that are available.

With regard to mental health issues, the point of view is taken that stress, frustration and uncertainty are common reactions of people, especially at times of major physical and social change, but that the measure of a mentally healthy person is the manner by which he accepts responsibility for his own future and does something about it. Preretirement education teaches people to make decisions which in the long run will enhance their adjustment in retirement. In this connection, also, changing mental capacities should be discussed and ways learned to maximize one's potential for maintaining mental abilities at the highest functional level in the later years.

Activities in Retirement

An adequate system of retirement preparation would recognize that few things are as important to a healthy retired person as activity -- organized volunteer work, work for pay, work for organizations (social, political, religious), cultural activities (including travel), care of home and garden, hobbies, and so forth. Any systematic preparation should encourage the individual to learn the benefits of a range of activities and a balanced variety of social roles. And this should apply not only to things one does, but, also, to the people with whom one associates -- family and friends, who in many ways are retirement's most important asset. Developing a variety of social outlets, according to individual need, is a life-time habit that pays off in retirement.

Other Considerations

In regard to developing an adequate system of retirement education, there are a number of general concerns which I also would like to mention.

Timing in retirement preparation is crucial. Some needs must be cared for early on in the life cycle. While it is never too late, adequate preparation for retirement for the most part means early preparation.

An adequate system of retirement preparation should encourage open eligibility. The impact, concerns, and problems of retirement cut across all occupational, vocational, and social lines. Managers, professionals, non-professionals, hourly and salaried workers; the single, the married, minority groups, and disadvantaged groups, including those in poverty -- for all, retirement preparation is a common need. I would emphasize that much work must be done by gerontologists and educational psychologists to devise ways of meeting the special preretirement education needs of minority persons and economically deprived older Americans.

An adequate system of retirement preparation should foster positive attitudes toward the retirement period. Research shows that a positive attitude contributes to the success of the retired.

An adequate system of retirement preparation should regard the retirement period as a major developmental stage of the life cycle. It should distinguish the period from that of old age, since socialization for one is not identical with socialization for the other. It should regard the retirement period as a time for continued development of personal potential. Following this theme, the system might gradually reject the word "retirement" in order to replace the presently often negative stereotyped image of the period with one in which the individual has the financial resources, the health, and the freedom to develop personal resources untapped by prior career constraints. At the least, this might encourage a separation in people's minds between aging -- which for many connotes decline, disadvantage and dissolution -- and retirement.

An adequate system of retirement preparation should address the major philosophical problem of the retirement period, the final validation of the self, the final resolution of a personal philosophy of life. In this connection, and especially during the time immediately prior to retirement, the opportunity should be available for counseling services, including opportunity to handle privately and in some depth the sensitive issues normally evoked by group discussion programs which cannot be properly resolved in the group situation.

An adequate system of retirement preparation should be a partner of life-long education. The system should acquaint the preretiree with the educational opportunities available in retirement and should involve the country's educational systems from start to finish.

Life Cycle

An adequate system of retirement preparation should clearly define the stage of the life cycle for which it is a preparation. It should also explore the meaning of the earlier stages of the life cycle relative to the retirement period, especially the years of middle maturity. The 50's represent preretirement years when time and energy and the organization of life itself make preparation for the 60's and 70's possible. At this time, normally, the pressing needs of the family begin to ease; the job situation has stabilized; mothers find themselves released from family responsibilities and free to pursue wider interests; men with the midlife crises behind them are able to focus on new goals. A system of retirement preparation should encourage at this time, about ten years or so before retirement, a detailed plan for financial security, the shaping of a satisfactory life style that will endure through the retirement period, and the development of a satisfactory range and balance of social roles.

A system of retirement preparation should also consider married life during this period of the life cycle. Husband and wife have survived the stress and strain of family rearing and now face a time of renewed closeness. They are in a position to assess the mutual resources they possess for the closeness of the retirement period.

Motivation -- The Key to Education for Maturity

One of the key issues which I must address in regard to the establishment of a system of retirement education is that of motivating adults to prepare themselves for retirement. The psychologist, John Anderson, was among the first to be concerned with ways to encourage adults to learn how to prepare themselves for the ongoing process of living the mature years. It was his premise that one motivates the adult learner in the same way that one motivates the young learner; namely, one designs educational experiences in such a manner that the participant acquires a sense of success and accomplishment at each stage in the learning process. This suggests the importance in preretirement education programs of emphasizing the problem-solving approach with built in assurance that the participant will experience the pleasure of having solved the problem step-by-step; whether it be how to manage on a reduced income, how to maintain one's health, how to find activities to substitute for work activity or how to generate the pleasure that comes from achieving good relations with other people who are important in one's life.

The other person who has done more than most recently to systematize and conceptualize the adult learning experience is Howard McClusky, an educational psychologist, who prepared the 1971 White House Conference background paper on Education. With regard to motivation, it is Dr. McClusky's premise that one must first teach the individual to recognize his potential

for living and growing in the later years. The educational process, in his view, is further involved in teaching the individual how to acquire a surplus of power (capacity) to cope with life's demands (load). A surplus of power enables the individual to make choices. Without it one manages only to acquire a minimum adjustment to requirements of living. Finally, McClusky suggests that motivation is enhanced if the educator is able to recognize the "teachable moments" in peoples' lives.

Lawrence Frank, a provocative thinker and writer, has made the point that education for aging and retirement is as much a matter of motivating the participant to unlearn old patterns of behavior which are non-productive as it is a matter of motivating the learner to learn new patterns of behavior.

From my personal experience in the field of pretirement education, I would make the following observations in regard to motivating people to prepare for retirement. First of all, in spite of efforts to encourage older people to participate in preretirement education programs as many as five to ten years before retirement, most of them do not want to do so until they are on the verge of retirement. This practical finding could reflect McClusky's theory of the teachable moment. That is to say, adults must be directly confronted with the retirement experience before they are ready to prepare themselves. This finding could also say that eligible individuals decline to participate earlier because the retirement signals which they receive from society are negative ones. When offering a pilot program to a group of industrial employers a number of years ago, I learned that many of the employees refused to participate because they did not want other employees to know that they were approaching retirement. The program had greater success when it was taken out of the plant and offered in a church several blocks away. This suggests, as indicated

earlier, that much could be accomplished to motivate older persons to prepare for retirement were society in general more successful in creating a positive image of the retirement role.

Those who are closely related to the preretiree, including spouse and children, have been shown to play an important role in the decision to participate in preretirement education programs. Promotional techniques should reflect this fact. Programs should encourage participation of both husbands and wives. When husbands have declined participation, it is not uncommon to have wives attend with the explanation that they wanted to take home information and advice to their husbands. More than one child has encouraged his older parent to participate because of the benefits they perceived for their parent. The comment of a son typifies reactions of children in this regard: "I know Dad well enough to know that he is going to be sunk once he leaves his job."

Still another reason why some preretirees reject preretirement is that they are suspicious that participation in the program will somehow hasten their retirement. When asked why they decided not to participate, several respondents in an industrial plant said that this was the company's way of getting rid of them.

For all these reasons, successful retirement education is more likely if efforts are made to establish a positive philosophy of aging as a basis for motivating participation, to create a permissive atmosphere which encourages enrollment, and to provide the assurance that the prospective members will have their questions and concerns answered. Experience shows that once a program is launched in an organization resistance becomes increasingly less marked because members who have enjoyed participation become effective motivators.

Because as much could be learned about motivation from those who reject participation as from those who accept the opportunity to participate, I believe it is unfortunate that there has been only one study which compares these two groups.

The psychological sense of time and the future as limited is a basic motivating force for retirement preparation. This sense of aging does not have impact until middle maturity. But, as the sense of aging develops, concern about how one will experience the passage of time appears to become a strong motivating factor for retirement preparation. The public's increasing consciousness of the retirement period as a distinct phase of the life cycle will also become more of a motivating factor for preparation. And the more the stereotypes of the period are obliterated and its rich potential revealed, the more will motivation to prepare for it grow. The more clearly the retirement role is defined, the more readily will people grasp its content and the expectations by which it is governed.

There are, of course, other factors which can help to encourage participation: success in anticipating the specific concerns of participants, designation of appropriate sponsorship, selection of an accessible location, requirement of no fees, or minimal fees, and the opportunity for husbands and wives to participate together.

Responsibility for Retirement Education

The record shows that many groups and organizations in the United States are in the business of helping older people prepare for retirement -- industry, labor unions, government agencies, libraries, universities, public schools, churches, and so forth. It also shows that there is considerable variety among organizations in the extent to which they are

willing to engage in one type of program or another. Some industries, for example, reject the idea that they are responsible for anything more than informing the employee about pension benefits. Other industries offer a program in which they give information and advice on many aspects of retirement. Some labor unions, especially the larger ones, offer programs, while others do not consider preretirement education to be important. The same is true of government agencies, some of which believe that a preretirement education program infringes on the personal life of the civil servant, while others have been among the first to offer a program.

I believe that preretirement education is the primary responsibility of public education, but that many elements of the community, including labor unions and industry, must make their proper contribution to the total effort by supplying facilities, funds, and leadership; motivating participation; providing information; giving counsel; developing opportunities for retirement living; and encouraging older people to avail themselves of the opportunities created for them by the community. It probably makes very little difference where the program is offered -- in a university, an adult education department, a church, a YMCA, an industry, or a labor union -- as long as the participants feel comfortable with the setting. I have found that some older people do not feel comfortable in a public school or university setting. When this occurs, educational institutions should consider conducting programs off campus.

There are several reasons why I would recommend that preretirement education become the primary responsibility of public education:

1. There is growing recognition that public education in the United States has a responsibility for continuing education;

that secondary and college education do not completely satisfy the educational needs of people as they grow older; and indeed, that it is impossible, in view of the change which surrounds modern-day man, to educate once and for all at any particular age.

2. As part of public education, preretirement education would be in a better position to command ongoing financial support.
3. Public education personnel possess the skills necessary to conduct programs, and they are in a good position to develop new materials and techniques for use in preretirement programs.
4. Public support of the program encourages participation of other community agencies including the library, social security, employment service, public health, and so forth.
5. Finally, it is suggested that preretirement education is best conducted as part of public education in order to encourage older people to view their community and all its resources as an important avenue by which to achieve good adjustment in retirement.

   This is the same as saying that a community, rather than a work-oriented way of life, could very well be the crux of adequate preparation for retirement.

It would be unfortunate, however, if organizations which have played such an important role in the development of preretirement education were to relinquish interest and support once the program became public education's responsibility. Industry and labor are in a good position to contact and encourage the participation of older employees, and most of them are able to pay part of the cost of the program. Other organizations, including churches, labor unions, and YMCA's are in a position sometimes to make

facilities available. Colleges and universities should be encouraged to maintain a close relationship in view of their capacity for research and program development.

Cooperation and mutual support on the part of all these groups, with public education being held primarily responsible for the program, should not be difficult to achieve. Community-wide committees are already an established technique in the United States and in Great Britain for developing and sustaining adult education programs, including preretirement education.

Recommendations

Government is in the position to play an exceedingly important role in the further development of opportunity for older Americans to participate in retirement planning programs. This role is comprehensively defined in the Post 1971 White House Conference publication titled "Post-White House Conference on Aging Reports, 1973." In my view, however, government should assume specific responsibility for at least two aspects:

Research and Training. As long ago as 1962, I prepared with the advice of social gerontologists throughout the country, a statement of background considerations for research in preretirement education. Despite the progress which has been made, many of the research needs recognized 15 years ago have yet to be fully accomplished -- research on how older adults learn, on the appropriate methods and content for preretirement education programs, and on the results of participation in preretirement education.

Much of the research which has been accomplished has been funded from federal government sources, including a longitudinal study of the effects of participation in preretirement education programs which I completed some years ago. But there is much additional research which must be done in order to provide meaningful preretirement programs for older Americans, especially minority and economically disadvantaged aged.

It is recommended that appropriate agencies in government be encouraged to redefine the research work to be done and to encourage scientists of various kinds to undertake the research.

Similarly, support is required from the federal government to encourage two kinds of training programs. There is first of all the need to increase academic training of teachers and researchers in university settings in order to insure the requisite supply of knowledgeable people for the development and assessment of preretirement education. At this writing there is only one university -- The University of Michigan, School of Education -- which has established an academic training program in educational gerontology, including preretirement education, in which students preparing for careers as teachers, researchers and practitioners in adult education are given the opportunity and encouragement to specialize in education for aging and retirement. Appropriate agencies of the federal government need to address this serious lack in academic programs.

In the second place, training is urgently needed for preretirement education leaders representing a wide array of institutions, agencies and organizations throughout the nation. As noted earlier, the Administration on Aging is to be commended for having supported recently an 18 month training of leaders in six mid-western states. Moreover, materials and techniques are now available for replicating this project in other states. In my view, the wisest investment of public or private funds is in the training of persons qualified to organize and conduct programs or to train others on a continuing basis. The demand for training programs is unmistakable. In the further development of opportunity for older Americans to participate in preretirement programs, nothing, in my view, is quite as important as provisions for leadership training. Where leadership is already available -- where adult educators in public schools, universities

and community colleges are already prepared to offer retirement education programs -- then what is most needed are funds to underwrite the cost of programs.

Accordingly, it is recommended that the U.S. Office of Education, as well as its counterparts in state government, be encouraged to give serious consideration to further support of adult education, including preretirement education.

Much progress has been made in the past thirty years in the development of retirement education. The purpose of this statement has been to focus attention on these accomplishments, but also to identify those issues which should be addressed in order to move forward an exceedingly important phase of the educational process in America.

In conclusion, I wish to publicly acknowledge the invaluable contributions of Mr. William J. Ennen, an associate of mine at the Institute of Gerontology, in the preparation of this statement. We both hope that it proves to be of value to the Subcommittee and its staff.

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June 13, 1978

RECEIVED
JUN 19 1978
FRED B. ROONEY

Rt. Honorable Fred B. Rooney
Chairman, Select Committee on Aging
Washington, D. C. 20515

Dear Congressman Rooney:

I would like to thank you and the Select Committee on Aging for the opportunity to testify on the general problems in preparing for retirement and to give some suggestions in answer to the three specific questions posed by the committee.

My comments are those of a practicioner in the field of retirement preparation informed by twelve years of experience in administering and up-dating a pioneer program in this field (first developed in 1954). This program was designed to provide employing organizations with an approach and appropriate content through which employees would be helped to make the transition from a life of work to a life of retirement.

Unfortunately, I will probably not be able to attend the hearing on June 19, 1978. I will, of course be pleased to explain or amplify any comments in this statement or to answer any questions the committee might have.

Sincerely,

Marvin D. Veronee

Marvin D. Veronee
Director, Retirement Studies

MDV:tjs
Enclosure

PREPARED STATEMENT OF MARVIN D. VERONEE, DIRECTOR, RETIREMENT STUDIES DIVISION, INDUSTRIAL RELATIONS CENTER, THE UNIVERSITY OF CHICAGO

In my experience during the past decade, employing organizations--whether in the private or public sector--have devoted their attention almost entirely to selecting, training and using the human resources of their organization. Only casual or sporadic attention has been paid to maintaining the productivity of these resources during the final years of employment. More specifically, employing organizations have largely ignored the problems of handling the exit of the human resource to the benefit of the retiring employee and the employing organization. Such behavior was reinforced by the existence of mandatory retirement age policies; today new, more flexible retirement policies must be established to handle this exit of the human resource.

The recent outburst of interest in retirement and aging has produced the following as yet unresolved concerns on the part of the employees and employing organizations:

---dealing with apprehensions about economic security in later life based on the fear that inflation will eat up personal and pension resources and that the social security system will not continue to maintain itself.

---handling the policy issues caused by a demand for flexible retirement ages with individuals having a much greater share in the retirement decision and with such decisions being made over a wide span of years.

---planning for a retirement period which, by giving a wider range of options, may produce dramatic changes in life status.

The next twenty years probably will see more and more Americans viewing retirement as a part of their whole life span rather than as the period of time left over after a career has run its course. But despite greater

awareness of aging and retirement, despite efforts to give the old a sense of worth and self-respect, retirement is an event that carries many more overtones of crisis, of negative change than do most of the other landmark events in our lives. Regardless of efforts to present retirement as a challenge, as an experience returning acceptable rewards and satisfactions, retirement does require a process of adjustment. Such adjustment and the acceptance of the changes brought on by retirement can be speeded by effective retirement preparation programs that attempt to provide accurate, up-to-date information and a chance for pre-retirees to look at their attitudes about aging, to make a careful assessment of their resources, and to plan for the rest of their lives.

Perhaps one of the most challenging objectives for today's young and middle-aged adults would be to set life goals that take into account both a work life and a retirement period rather than to focus as at present on career goals almost exclusively.

With these general remarks as a preface, I would like to respond directly to the three specific questions of the committee.

I. What needs should be met by any adequate system of retirement preparation?

A. Information or content areas

Most retirement preparation programs cover about the same topics: money management, health, leisure activities, living arrangements and housing, legal matters, etc. A useful way to categorizing these information needs is:

1. Basic Survival Needs: money management, health (to include nutrition, mental health, fitness), personal safety (to include protection against crime and the dangers of physical and emotional isolation), and shelter or housing.

2. Maintenance Needs: family relations, living area, transportation, use of time, social relations.

3. Fulfillment Needs: community involvement, volunteer activities, self development and continuing education, hobbies, travel, and spiritual well-being.

B. A Change of Behavior

A list of content areas for preparation is only a start. As they near retirement, most people need to examine their attitudes and look at their behavior in order to put sound information to good use. On the eve of a stressful period of change and adjustment, they need to work through some form of a change model, leading to:

1. an awareness of retirement problems, of attitudes and expectations for retirement, of what consequences and trade-offs various retirement plans may produce,

2. an analysis of these problems and an accumulation of useful information,

3. making and implementing action plans for retirement by improving problem-solving and decision-making skills,

4. developing the capacity for self-renewal and the ability to adapt to a changing environment or changing needs and resources.

Attached to this statement is a brief discussion of the range of retirement planning functions and an outline of topics for a model retirement preparation program.

II. In such a system, what should be the relative roles of the public and private sectors:

Government (federal, state and local)

Industry (management and labor)

Educational Institutions (public and private)

Other Community-Based Organizations

PLANNING FOR RETIREMENT

Marvin D. Veronee

More than twenty years ago the Industrial Relations Center of The University of Chicago developed an educational program designed to help organizations prepare their older employees for retirement. Although many organizations recognized the value of retirement preparation, it has not been universally supported by employers as a necessary training or educational function. The past year, however, has seen an explosion of interest in the older American. The policy of mandatory retirement at a fixed age that has been common practice for a generation is now under nationwide attack. People question whether the Social Security system can maintain itself and provide the economic security in old age that Americans have come to expect.

Many arguments are advanced in support of the value and importance of retirement preparation by the employing organization: as a benefit for the employee, as a social responsibility of the organization, as a public relations effort, as a procedure to motivate older employees to improve their performance, even as a method of encouraging older employees to retire. All of these arguments may have some validity, but organizations have two over-riding reasons for interest in pre-retirement planning programs. One is the sheer number of people who are reaching retirement age and who may be entering the final phase of their lives with little knowledge, scant information, and inadequate planning skills. The second is the organization's self-interest in using its manpower more effectively by rationally planning the exit of the human resource.

If the organization spends effort and money in selecting personnel, in training them, in retraining or relocating them, then it seems logical that the organizations would also be interested in helping employees make the transition from a life of work to a life of retirement as smoothly as possible; or, alternately, in helping employees carry through on a life career that takes into account the retirement experience and the effects of aging. Retirement preparation becomes the final step in the process of effective management of the organization's human resources. Employing organizations of all kinds are being forced to face up to a re-examination of their retirement policy and to consider preparing their employees for retirement. At the very least, most organizations must handle the procedures for retiring an employee. Some minimum information must be given to the employee about separation procedures and pension provisions. Beyond such a minimum some organizations are unwilling to go.

A predictable retirement age has formed the basis for most retirement policies established and administered by employing organizations. The proposed increase in mandatory retirement age will almost certainly make retirement procedures more complex, with employing organizations required to formulate and administer much more flexible retirement procedures than in the past. Similarly, employees will have to evaluate more carefully their own retirement expectations and plans and consider various options of early or late retirement.

Employees Share Mutual Problems

For years, the most often expressed reason for not getting involved in retirement preparation has been the fear of being accused of paternalism and interference in the personal lives of employees. The IRC program avoids this charge by using the group approach to retirement preparation, in which the employees themselves, through a group process, share mutual problems and interests. The organization input is not inquiry and advice about personal planning, but solely the provision of a structure within which the employees may raise and try to answer among themselves those questions that they willingly expose to one another.

The first need most of us feel as we approach retirement is for accurate information about the things that will affect our lives. A well-planned retirement preparation program must seek out and select for its participants, sound, available, understandable information. But good information—whether it be in printed form or presented by experts—is not enough. As we approach retirement, we need to manage the change by developing problem-solving skills and a capacity to make sound decisions. The first step in developing this capacity to handle the adjustment to retirement is for each potential retiree to become aware of the range of problem areas involved in effective retirement planning.

During the past seven years, the IRC Retirement Studies Division has worked on the development and field testing of an approach to developing awareness of the retirement problem areas and the need for planning in each of these areas. This exercise using the *Retirement Comparator* and the *Retirement Planning Profile* is customarily scheduled in the first session of the full-scale IRC Retirement Preparation Program or as a first exercise in initiating pre-retirement planning by an employing organization.

How The Retirement Comparator is Used

The first step in the exercise is for participants to read the definitions of the nineteen planning areas listed in Figure 1. Then, each person working alone uses the comparator device and the retirement comparator insert to rank order the nineteen planning areas (using the paired-comparison technique). The ranking is made from the most important to the least important as each individual looks at his expectations and plans for retirement. After the areas have been individually ranked on the basis of importance, each person draws a profile so that he can study the results of his choices and can compare his own profile with profiles of other individuals and with the profile of the group as a whole.

When the exercise has been completed and the profile is drawn in a group setting, the group usually finds it enlightening to discuss the results of the exercise and to see the range of rankings for each area. A feasible method of polling the group is to ask each participant to tell the rest of the group what the two top planning functions are on his or her profile and then the bottom two, and to explain why they have been so ranked. If the conference leader starts off with his own choices, the group will lose any shyness about sharing their rankings.

A composite profile for the group provides an additional useful comparison with the individual profiles. During the discussion of the results of the exercise, the wide range in ranking and the differences in retirement plans and expectations are demonstrated.

The primary value of the exercise is that it offers a non-threatening way to start people thinking about their needs in retirement and what they want to plan for. For this purpose, the profile can be used to illustrate that all areas of planning for retirement are important and interrelated, but that each individual may establish his own priorities and allocate his resources according to his own retirement needs. By working the exercise in a group individuals come to realize that individual profiles may be very different even among people in the same profession, work group, or age group.

The exercise of developing the planning profile and discussing the results will usually bring out different viewpoints on problems of mutual interest to a group of pre-retirees and initiate a discussion of alternative ways of handling these problems. The composite profile drawn from a preliminary analysis of more than 900 retirement planning profiles collected from a miscellaneous group of individuals (two-thirds of them pre-retirees) is shown in Figure 2.

NINETEEN AREAS OF PLANNING FOR RETIREMENT
Brief Descriptions

1. COMMUNITY INVOLVEMENT
   Understand my obligations and my role as a retiree in the community
2. CRIME & ISOLATION
   Develop my resources to provide physical and emotional security during retirement
3. FAMILY RELATIONS
   Adapt family relationships to my role as a retiree
4. FINANCIAL MANAGEMENT
   Develop skill in managing financial resources for myself (and my spouse) in retirement
5. GAINFUL EMPLOYMENT
   Determine my need and my opportunities for a job in retirement
6. HOBBIES
   Renew or develop my interests in hobbies
7. LIVING AREA
   Select a location for myself (and my spouse) to live in retirement
8. LIVING ARRANGEMENT
   Determine my physical and social needs in retirement residence
9. MENTAL HEALTH
   Build realistic attitudes toward aging and my role as a retiree
10. NUTRITION
    Develop sound eating habits to maintain my health and vigor in retirement
11. PERSONAL SAFETY
    Develop my awareness of good personal safety practices as I age
12. PHYSICAL HEALTH
    Maintain my physical health in retirement
13. SELF–DEVELOPMENT
    Establish a program for my self-improvement during retirement
14. SOCIAL RELATIONS
    Understand the social patterns of my life now and after retirement
15. SPIRITUAL WELL–BEING
    Examine the role of religion in my life now and in retirement
16. TRANSPORTATION
    Determine how I am going to get from place to place as I age
17. TRAVEL
    Decide on my interest in and opportunities for travel in retirement
18. USE OF TIME
    Schedule routine and special activities in order to use my time satisfactorily in retirement
19. VOLUNTEER ACTIVITIES
    Assess my interest in volunteer service as one of my retirement activities

Figure 1.

The composite profile shows that most people rank the basic survival issues such as health (mental, physical, and nutrition) and financial management near the top. Figure 2 also shows, perhaps surprisingly, that family relations, use of time, self-development, and spiritual well-being are rated high by most people. This ranking reflects the need for a purpose during the retirement years as well as concern for finding satisfying activities to substitute for work. Often a useful and interesting discussion develops around the planning areas that most people rank as least important. For example, the composite score shows that crime and isolation, transportation, and gainful employment are at the bottom in the ranking. Perhaps the pre-retiree looking ahead is unwilling or unable to admit the need to look forward to later stages of life when resources and physical vigor decrease and the need for services increases. Transportation for example may well become one of the most difficult problems for the retiree to cope with in the final years of life. Physical

and emotional isolation bring a decrease in the quality of life for our older citizens. With declining financial resources and physical health, the fear of crime may haunt the elderly. Such considerations may be brought out in discussion and may help trigger a response on the part of the participants that leads to action in the form of positive planning.

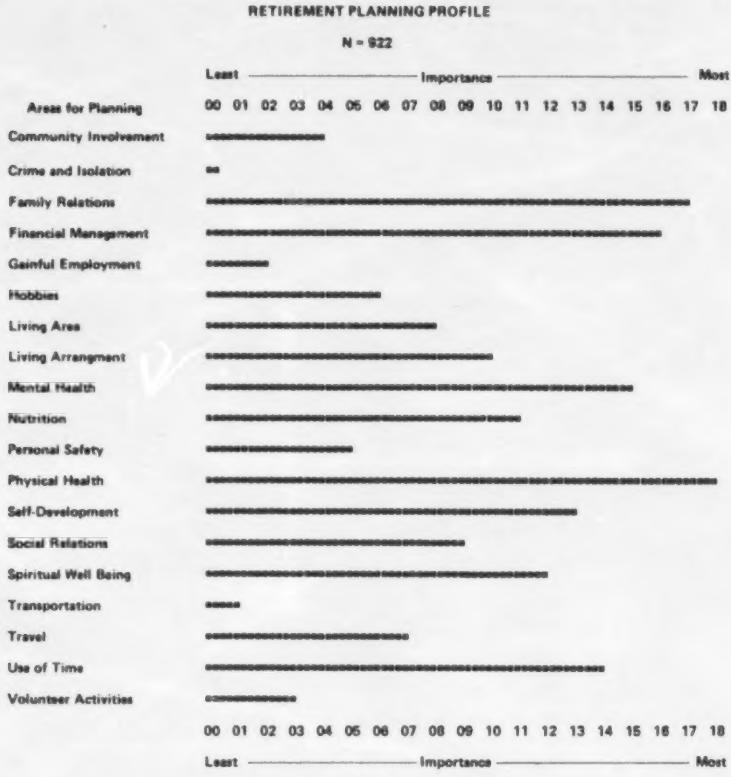

Figure 2.

Further Applications of the Profile

In addition to its primary use in a group setting to develop awareness among pre-retirees of the wide range of planning functions involved in preparing for retirement, some other potential uses of the profile include:

- Asking the pre-retiree to complete the exercise a second time, rank ordering the planning areas in the order of *difficulty*—that is, from the one that they anticipate will cause the most problems to the one that will cause the least problems. This exercise will usually help the pre-retiree distinguish between what they would like to do and what they must do.

- Giving spouses an opportunity to complete the exercise separately and then to use the profiles as a communication device to get husband and wife to discuss the differences in their profiles and to reach an understanding of what each sees as important in retirement planning. Once they reach such an understanding, the busband and wife can strive for agreement on the priorities in their retirement planning and how they should use their resources for a mutually satisfying retirement.

- Developing composite profiles for a large number of pre-retirees and looking at the differences between such variables as age, sex, marital status, kind of employment, income, etc.

- Administering the comparator exercise to pre-retirees over a period of time—perhaps five years before retirement, at retirement, and at intervals after retirement. Changes in the profile might serve as a useful indicator on how attitudes change once serious retirement planning has been started and how the retirement experience affects a retiree's view of what planning functions are most important.

Such then is the *Retirement Comparator* instrument, an introduction to Retirement Planning that may be used as an awareness exercise for stimulating interest in retirement preparation or as the first step in a full-scale educational pre-retirement program. When any organization embarks on an ambitious training program for their employees, the issue of cost arises and the cost of a comprehensive program in retirement preparation can be considerable. Advantages of the retirement comparator approach and the group method are they they use time efficiently, provide preparation for a larger number of persons than individual counseling, and help to establish an organization mechanism for continuing, systematic retirement preparation.

Ideally, the individual should have a variety of choices for living the rest of his or her life after retirement, depending on individual interests, family resources, and skills. Lifetime planning should begin early and should include planning for the final years. But aging and the act of retirement itself usually force the retiree to make great changes in the way that he or she has traditionally behaved. Successful retirement cannot be achieved without a willingness to set priorities, examine resources, and make decisions. Far better that our older citizens make their own decisions, maintain their sense of personal worth, and wear out in satisfying activity, than that they rust out through neglect.

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Revised 1977

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An often asked question about retirement preparation is "Who is responsible?" If responsibility for preparing people for retirement and caring for the aged must be taken on, then costs will be incurred, and we must ask: "Who is going to pay?"

---If by government, then individuals and organizations will pay through taxes or mandatory insurance.

---If by the employing organizations, then organizations--and ultimately consumers--will pay through increased prices.

---If by private agencies, then individuals and organizations may pay through voluntary contributions.

---If by older individuals themselves, the individuals may pay through personal savings and mandatory insurance.

If none of these entities can do it alone, then the next question obviously is "How do we chop up the pie?" All of the agencies listed above should share in dealing with the vital issue of preparing for retirement; effective guidelines on retirement policy are urgently needed so that the relative roles of the agencies are clear-cut and more effective action in dealing with the problems can begin.

Another way to consider responsibility for retirement preparation is to look at how people are now preparing themselves for retirement. At least five sources of retirement preparation may be easily identified:

1. <u>The individual pre-retiree himself/herself accepts the responsibility.</u>

   Retirement brings many different decisions which most of us have to make for ourselves. This, I believe, is necessary and an effective way to develop skills for retirement since the retiree will have many fewer resources of support as his/her work life ends and social networks decrease. In addition, recent years have drastically changed the characteristics of the "typical" retiree who was assumed to be a married male. The rapidly increasing number of women in our work force must shape their own careers and plan their own retirements; single persons

often have to plan and live out their retirements alone; widows have to solve retirement problems after the death of a husband; changes in family structure and the increasing divorce rate in later life reduce the sources of close support formerly available during retirement.

2. The family shares the responsibility.
Family--either the nuclear or extended--has been the traditional first source of help for the aged in western society. Despite rapid recent changes in family structure, the family still is an important and appropriate source of support during the adjustment to and experience of retirement, including care of the elderly.

3. Community-based organizations accept some responsibility.
When the individual cannot care for himself and his family is unable to accept the responsibility, the community traditionally takes care of its own. This function is still being performed, often cooperatively with the government, and provides a valid supplement to most programs for the aged.

4. The employing organizations in both private and public sectors (complemented by union organizations) offer programs in retirement preparation.
In the past twenty-five years, the employing organizations have become more and more involved in human resource management, of which retirement, or the exit of the human resource is a vital last step.

5. Finally, government now takes (and certainly will continue to take) a major responsibility in caring for all of our older citizens.
Government probably must take major responsibility in this area, but in my opinion, should not take sole responsibility. In retirement preparation, I believe that federal and state governments should play only a minor, supporting role. Local governments can be more effective and can work closely with the community.

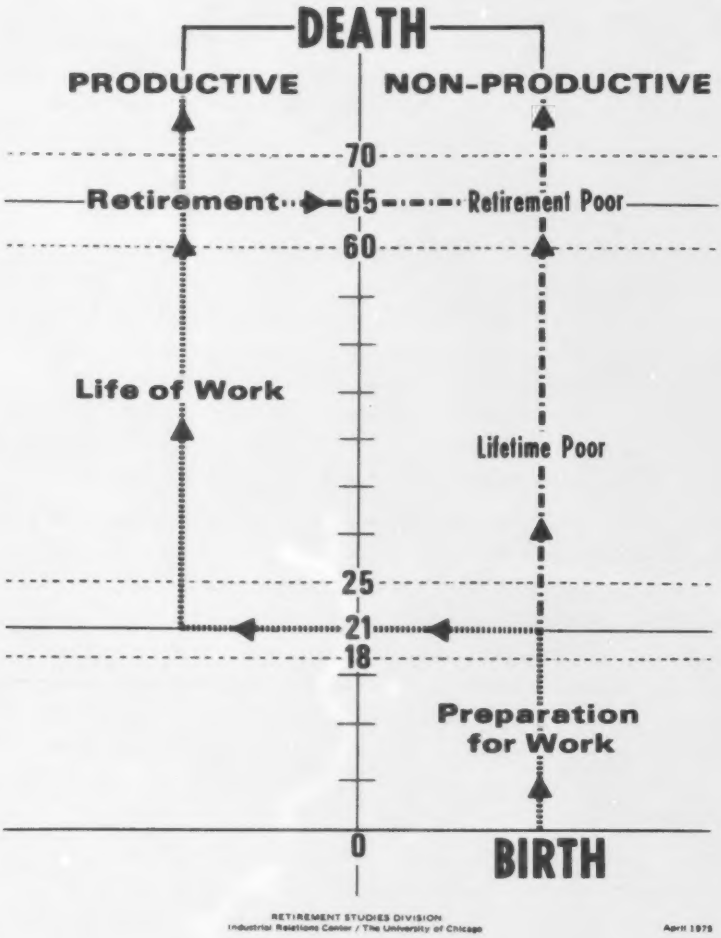
I have not included educational institutions in this categorization. Theirs, in my opinion, is a supplementary role. They should undertake basic research in geriatrics and gerontology, train professionals in medicine and gerontology, develop retirement preparation programs, and cooperate with their communities in offering a full range of educational services to citizens of any age.

Among the categories listed above, my choice as to who is best able to help in preparation for retirement is a combination of number (1), the individual and number (4), the employing organization (and unions). Unless the individual takes control of his or her own preparation, he or she is unlikely to make wise decisions or to use possibly scant resources for the greater retirement satisfaction. Similarly, the employing organization has a strong self-interest in managing the exit of its human resources. Unless this is carried out effectively, retirement is likely to turn out an unhappy retiree or one largely unprepared for the retirement experience.

The attached flow chart may illuminate some of the reasons why retirement preparation is needed for all Americans. It illustrates how life in America can be roughly divided into three major phases. At birth, the individual enters society in a non-productive phase and spends a substantial number of years, perhaps as many as thirty, in some professions, preparing for a life of work. At some age (the flow chart shows a traditional twenty-one) most of us enter a life of productive work. This phase may end as early as middle age for some individuals, or may continue until death. But for most of us today, retirement will occur in the sixties, and most will enter into the final and third period of life.

One purpose of retirement preparation is to make this final third of life a challenge and a reward, and, if possible, a productive period. Today's young and middle-aged are faced with meeting this challenge if they are to enjoy later life as they expect and as they probably feel entitled to do. No one wants the productive American after retirement to be forced by a changing environment and inadequate planning to join the life-time poor.

The flow chart was developed by Edward M. McGehee, formerly Director of Retirement Studies.


DEATH
PRODUCTIVE
NON-PRODUCTIVE
70
Retirement
65
Retirement Poor
60
Life of Work
Lifetime Poor
25
21
18
Preparation
for Work
0
BIRTH
RETIREMENT STUDIES DIVISION
Industrial Relations Center / The University of Chicago
April 1975

Far better that the vast and increasing pool of human resources made up of people over sixty remain in a productive capacity than that they rust away neglected and unused. Our society cannot afford to develop a large class of citizens which may be labeled the "retirement poor."

As a group, young adults today probably are not willing to plan at an early age for life's end. As a practitioner in retirement preparation, I have found that most people are not seriously ready to prepare themselves until they near age fifty. However, this prevailing attitude is not unchangeable and younger and middle aged adults today may willingly begin early planning if they recognize its value. The following list outlines some reasons for anticipating their change and some ways to encourage it.*

1. Our young adults today have and our old people tomorrow will have had the advantage of more educational opportunities and should have more knowledge about themselves, about their life and career goals, and about the problems of aging. Education is increasingly becoming a constant and logic would dictate that more and more experience with life as one grows older, should allow the elderly to grow in and act with wisdom.

2. Continuing education will probably play a greater and more highly motivating role in the life of the now young who will be old by 2000. Today's young adults take educational opportunities as a matter of course rather than as special, one time experiences. Over their adult life, young people of today will be able to take courses in a variety of subjects. Such variety should prove useful in preparing for security and fulfillment in later years. They will also be motivated to take advantage of any preparation for retirement courses or programs rather than being uncomfortable in "going back to school" as some older people are now.

3. Fulfillment and happiness seem to depend on one's rigidity or flexibility. Flexible people seem to perceive more options than rigid people. Young people today are concerned with career options, with career change and seem prepared to remain flexible and to accept change. This flexibility should stand them in good stead as they approach retirement and are faced with sometimes difficult decisions.

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* I would like to credit my colleague, John Leach, Director of Career Programs, with many of the ideas in this section.

4. Young adults might be encouraged to look at retirement as a career. They should find the retirement career easier if they could rehearse the role of retiree earlier in life or just before retirement. Many plans for rehearsal and renewal have been suggested. The sabbatical in various forms, if practical considerations could be worked out, would be an attractive way to help people rehearse their use of free time.

5. Young adults may be encouraged to balance career and life goals more effectively and use opportunities to learn about themselves and how to use leisure not as a status symbol, but as a way to enjoy and appreciate life.

6. For a very limited number of individuals, industry-government executive trading might prove valuable. The young manager could be assigned to government perhaps for six months or a year with an assignment to focus on the problems and opportunities of the aged. This first-hand exposure, early or mid-way in a person's career, should prompt some self-examination of life goals. This examination should be more valuable both for the individual having the opportunity and for the people he works with during his own career.

7. Finally, I would like to suggest that not all aspects of planning for retirement should be encouraged at the earliest age for all. Certainly estate planning at thirty-five rather than at fifty-five (when financial options may be severely limited) would help the young adult when retirement approaches. Many other retirement planning areas would similarly benefit from early attention. Some might be delayed. Different individuals may start planning at different times, depending on their interests and needs. Most importantly, individuals will be motivated to begin their planning for retirement when they feel the need and not according to a "best schedule" recommended by others who are not involved.

6-14-78

The Honorable
Fred B. Rooney, Chairman
Subcommittee on Retirement Income
and Employment, House Select Committee
on Aging

Dear Mr. Chairman:

It was my happy privilege to be in the audience on June 19, 1978 during the hearings on "Preparing for Retirement: Crisis or Challenge?".

I am Louis R. Baker, now retired from federal employment. Until last August I was employed by the U. S. Information Agency as Chief, of their Retirement Section.

While a member of the U.S.I.A. Personnel Staff I ran the first Pre-Retirement Counseling Seminar in 1960. It is interesting to note that prior to the above seminar I audited the Pre-Retirement Seminars given by the Veterans Administration and the Office of the Treasurer of the United States, U.S. Treasury.

In seeking information for our Retirement Seminar in 1960, I found that the Civil Service Commission was of limited assistance, and thus had to turn to what the various Agencies and Departments were doing.

In my opinion it has been the pressure of the various Departments and Agencies on the officials of the Civil Service Commission for guidance and assistance in the field of Pre-Retirement Program Planning that eventually brought forth from the CSC a luke-warm acquiescence to go ahead and do waht you desire to do in this field..Over the many years the only assistance provided was information and sometimes speakers on the subject of pensions, health benefits and insurance.

As the central personnel agency I feel the Civil Service Commission should take the lead in this important field of Pre-Retirement Program Planning. They should be a repository of types of programming available, of literature in the field and take the lead in publishing materials and hand-outs for the federal government. As indicated from Commissioner Poston's testimony the CSC has allowed each Agency and Department to set their own sights on what they believe is best for that Agency. Fine! But it would be of much benefit to the respective Agencies and Departments to have a source to turn to and not have to spend their time in doing and re-doing the research work that is necessary to establish a good pre-retirement planning program.

At the present time I am serving as a Volunteer Consultant with the Action for Independent Maturity Division of the American Association of Retired Persons. Based upon my experience in the retirement field over the past 18 years I believe the materials available from this source are among the best for use in Pre-Retirement Counseling Seminars.

With further regard to the questions you proposed to those giving testimony. I believe Pre-Retirement Counseling is an extremely important function not only for Government but also for employees of the private sector. It would appear that the private sector is now getting in gear to put some muscle behind this important function.

In a study conducted by Dr. Sidney R. Siegel, Rutgers University and Janet M. Rives, University of Nebraska at Omaha, of the Fortune 500 companies, these writers found that approximately 30% of this group now have Pre-Retirement Counseling Programs, 52% indicate plans for implementing such programs, and about

66% plan to start their programs within the next two years and almost all firms planning programs will have them underway within five years.

Thus it is imperative that top managers of the federal establishment implement the plans their respective agencies maly have and to provide adequate financing for these programs. This means budgeting for materials and speakers or consultants in this important area.

Thank you Mr. Chairman for allowing me to present my thoughts on this subject.

Very truly yours

Louis Robert Baker

PLANNING BY OBJECTIVES

A Planning Process and Checklist
for
Retirement Living

Developed for use by the Pre-Retirement Education and Life Planning Project (PREP)
Ethel Percy Andrus Gerontology Center
University of Southern California
Los Angeles, California

Prepared by
Virginia Lee Boyack, Ph.D.
Project Director
and
Frank R. McDougall

The Pre-Retirement Education and Life Planning Project provides a comprehensive, well-developed model program for retirement planning which serves to facilitate an individual's formulation of realistic objectives, exploration of major retirement issues, identification of potentials, development of options, and transition into the retirement years. The PREP model is designed to demonstrate that through throughtful exploration, careful planning, and early identification of one's potentials, an individual can develop a sound action plan for a non-work life which can be experienced with independencey, confidence, flexibility and dignity.

PERSONAL PLANNING CHECKLIST

Listed below are critical retirement planning steps patterned in a checklist format. It is suggested that time be set aside to develop a personal retirement "Action Plan". If you are married, it is important that you work closely with your spouse. Your responses will indicate some directions towards achieving your retirement living objectives. It is important to establish a schedule of action and to determine some realistic *checkpoints in time* – dates by which you hope to accomplish a specific action. It is also valuable for you to involve others in your discussion of the items on this checklist.

	YES	NO	CHECK POINTS IN TIME
I. AWARENESS			
A. I am ready to plan for my retirement.	☐	☐	_____
B. I have included my spouse and/or family members in my planning process.	☐	☐	_____
C. I have discussed retirement with several people who have retired.	☐	☐	_____
D. I have developed a personal list of what I perceive as barriers to planning for my retirement (e.g., procrastination, lack of knowledge, etc.)	☐	☐	_____
E. Do I anticipate any change in my health condition?	☐	☐	_____
F. Do I anticipate any change in my financial status?	☐	☐	_____
G. Are there any changes anticipated with family members (e.g., child leaves home, aging parent moves, etc.)	☐	☐	_____
II. FIRST COMMITMENT			
A. I have made an absolute commitment to start pre-retirement planning.	☐	☐	_____
B. I have identified the three major barriers to my planning and will eliminate them.	☐	☐	_____
C. I intend to complete this personal planning checklist.	☐	☐	_____
D. I have prioritized my list of planning steps.	☐	☐	_____
E. I am exploring some changes of direction in my life.	☐	☐	_____
F. I have selected target dates for my progress steps and checkpoints for my retirement planning.	☐	☐	_____
III. POTENTIAL PROBLEMS AND RESOURCES			
A. I have reviewed my potential retirement problems.	☐	☐	_____
B. I have collected relevant information about retirement.	☐	☐	_____
C. I have completed this personal planning checklist.	☐	☐	_____

	YES	NO	CHECK POINTS IN TIME
D. I have prioritized my list of planning steps.	☐	☐	_____
E. I am exploring some changes of direction in my life.	☐	☐	_____
F. I have selected target dates for my progress steps and checkpoints for my retirement planning.	☐	☐	_____
III. POTENTIAL PROBLEMS AND RESOURCES			
A. I have reviewed my potential retirement problems.	☐	☐	_____
B. I have collected relevant information about retirement.	☐	☐	_____
C. I have compiled relevant facts.	☐	☐	_____
D. I have gathered opinions from "experts".	☐	☐	_____
E. I have analyzed my potentials.	☐	☐	_____
F. I have developed some tentative options.	☐	☐	_____
G. I have discussed all of the above with my spouse, family and/or friends.	☐	☐	_____
H. I plan to:			
1. Investigate the retirement planning resources available through my employer.	☐	☐	_____
2. Increase my reading habits and interests to include information relevant to my retirement.	☐	☐	_____
3. Attend a financial management program.	☐	☐	_____
4. Investigate what programs are being offered at local educational institutions and community organizations which may be of interest to me in planning for my future.	☐	☐	_____
5. Investigate memberships in various organizations which can provide me with information about retirement issues.	☐	☐	_____
6. Visit a library and develop a reading program about retirement topics.	☐	☐	_____
7. Subscribe to appropriate magazines. (These publications may be available at the Public Library.)	☐	☐	_____
8. Start a search for other sources of information.	☐	☐	_____
IV. SELF-EXPLORATION			
A. I have explored my motivations, needs, wants and potentials – now and as projected for the future.	☐	☐	_____
B. I have discussed common needs, wants and potentials with my spouse and/or family.	☐	☐	_____

	YES	NO	CHECK POINTS IN TIME
C. I have made initial telephone contacts with the following:	☐	☐	_____
1. Insurance agent	☐	☐	_____
2. Accountant	☐	☐	_____
3. Attorney	☐	☐	_____
4. Social Security	☐	☐	_____
5. Employer	☐	☐	_____
6. Physician	☐	☐	_____
7. Others (as appropriate)	☐	☐	_____
D. I have made appointments to talk *personally* with each of the following:	☐	☐	_____
1. Insurance agent	☐	☐	_____
2. Accountant	☐	☐	_____
3. Attorney	☐	☐	_____
4. Social Security	☐	☐	_____
5. Employer	☐	☐	_____
6. Physician	☐	☐	_____
7. Others (as appropriate)	☐	☐	_____
E. I have established some realistic expectations for my (our) retirement.	☐	☐	_____
V. DETERMINE OBJECTIVES (PERSONAL/SPOUSE/FAMILY)			
I have developed a life-plan for:			
A. My retirement planning strategies.	☐	☐	_____
B. Maintenance of physical health and vitality.	☐	☐	_____
C. Financial stability.	☐	☐	_____
D. Living arrangements.	☐	☐	_____
E. Career development.	☐	☐	_____
F. Continuity of family relationships.	☐	☐	_____
G. Use of time.	☐	☐	_____
H. Self-fulfillment.	☐	☐	_____
I. Identification of my skills, knowledge, experience and potentials.	☐	☐	_____
J. A projected retirement date.	☐	☐	_____
VI. STRATEGIES FOR ACHIEVING MY RETIREMENT OBJECTIVES			
A. I have developed some strategies for reaching my objectives.	☐	☐	_____
B. I have established a definite schedule and checkpoints in time.	☐	☐	_____
C. I have conducted in-depth personal interviews with appropriate persons listed in IV-D.	☐	☐	_____
D. I have developed a viable financial plan.	☐	☐	_____
E. I have identified some of my skills, knowledge and experience for career development.	☐	☐	_____
F. I have reviewed my current leisure time pursuits.	☐	☐	_____
G. I have explored new kinds of leisure time activities and interests.	☐	☐	_____

	YES	NO	CHECK POINTS IN TIME
H. I have explored possible volunteer and community service endeavors in which I may be interested.	☐	☐	_____
I. I have investigated various options for retirement living arrangements.	☐	☐	_____
J. I have explored methods by which I may convert or develop a hobby into increased activities and/or income in retirement.	☐	☐	_____
K. I have discussed the above strategies with my spouse, and/or family, and others, as appropriate.	☐	☐	_____

VII. ALTERNATIVES FOR REACHING OBJECTIVES

A. I have tested my planning strategies.	☐	☐	_____
B. I have explored various alternative methods by which I can achieve my objectives.	☐	☐	_____

VIII. COMMITMENT TO ACTION

A. I have developed an action plan.	☐	☐	_____
B. I have made an absolute commitment to follow an action plan.	☐	☐	_____
C. I have developed a *written* commitment to an action plan.	☐	☐	_____
D. I have received a consensus of approval for an action plan from my spouse and/or family.	☐	☐	_____
E. I have established specific dates for periodic reviews of this checklist.	☐	☐	_____
F. I intend to review the dates above and establish new deadlines as I move through my planning process.	☐	☐	_____

IX. I INTEND TO COMPLETE MY INITIAL ACTION PLAN BY_____.

Pre-Retirement Education &
Life Planning Programs
Ethel Percy Andrus Gerontology Center
University of Southern California
Los Angeles, California 90007

A PROCESS FOR PLANNING

Listed below are critical planning processes and steps to be considered and/or explored to better ensure life satisfaction in retirement. Please follow the *Planning by Objectives Chart* as you proceed through the process that follows:

I. **Awareness – What Creates the Motivation to Plan?**
   - A. A crisis.
   - B. An approaching date of retirement, voluntary employment change, termination of employment or other factors.
   - C. Another person's interest in planning for retirement.
   - D. Exposure to people who have retired and/or changed careers.
   - E. Death of a family member or friend.
   - F. A health change.
   - G. Exposure to a pre-retirement planning program.
   - H. Media and publications on the subject of retirement.

II. **First Commitment to Do Something**
   - A. Complete personal planning checklist, make a commitment to list priorities, and take action.
   - B. Establish target dates for progress steps and retirement schedule.

III. **Review Potential Problems**
   - A. Identify problems.
   - B. Collect information.
   - C. Compile facts.
   - D. Gather opinions.
   - E. Analyze options.
   - F. Discuss with spouse (or, if single, with a family member or friend).
   - G. Review sources for information.
     1. Personnel departments (benefits, pensions, retirement planning information and services).
     2. Programs relevant to retirement issues sponsored by educational institutions, employers, banks, savings & loan organizations, investment firms, and community organizations.
     3. National Council of Senior Citizens (NCSC).
     4. National Council on the Aging (NCOA).
     5. American Association of Retired Persons (AARP).
     6. Media and published materials.

IV. **Self-Exploration (Personal/Spouse/Family)**
   - A. Exploration of your motivations, needs, wants and potentials.
   - B. Discussion with family about common motivations, needs, and wants.
   - C. Verify resources by initial telephone interviews
     1. Insurance agent.
     2. Accountant.
     3. Attorney.
     4. Social Security.
     5. Employer.
     6. Physician.
     7. Other.

V. **Determination of Objectives (Personal/Spouse/Family)**
   - A. Planning strategies/planning barriers.

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B. Realistic expectations.
C. Maintenance of health and vitality.
D. Financial planning.
E. Life style and standard of living.
F. Living arrangements.
G. Career development.
H. Family relationships.
I. Use of time.
J. Self-fulfillment.
K. Other.

VI. Strategies for Achieving Objectives

A. Establish deadline dates for yourself.
B. Conduct in-depth personal interviews with those listed in IV-B, C.
C. Develop methods for increasing, maintaining, or changing financial status.
D. Prepare a plan for identifying existing skills, knowledge, experience and potentials for future (e.g., new careers).
E. Review current leisure time pursuits.
F. Explore volunteer or community service possibilities.
G. Investigate various retirement living arrangements.
H. Explore the possibility of converting or developing a hobby which could increase your activities and/or income in retirement.
I. Discuss strategies with appropriate persons listed in IV-C.

VII. Alternatives for Achieving Objectives

A. Test your strategies. (Will they lead you to your objectives?)
B. Review your strategies and develop alternate methods by which you could achieve your objectives.

VIII. Commitment to Action

A. Develop an action plan.
B. Make an absolute commitment that you will follow your action plan.
C. Develop a written commitment to action. (Make someone else aware of your commitment who will act as a sounding board and provide you with necessary feedback.)
D. Discuss your action plan with your spouse and/or family.
E. Keep current with your *Personal Planning Checklist* and establish checkpoints in time.

SUGGESTED READING LIST

AARP JOURNAL. Washington, D.C.: American Association of Retired Persons.

Atchley, Robert. THE SOCIOLOGY OF RETIREMENT. New York: John Wiley & Sons, 1976.

Bequaert, Lucia H. SINGLE WOMAN. New York: Beacon Press, 1976.

Butler, Robert N. WHY SURVIVE? BEING OLD IN AMERICA. New York: Harper & Row, 1975.

CHANGING TIMES. Washington, D.C.: Kiplinger Publishers.

DeVries, Dr. Herbert. VIGOR REGAINED. Englewood, Cliffs, N.J.: Prentice-Hall, Inc., 1974.

Dickinson, Peter. THE COMPLETE RETIREMENT PLANNING BOOK. New York: E.P. Dutton & Co., Inc., 1976.

Hunt, Bernice & Morton. PRIME TIME. New York: Stein & Day Publishers, 1975.

McLeish, John A. B. THE ULYSSEAN ADULT. New York: McGraw-Ryerson, Ltd., 1976.

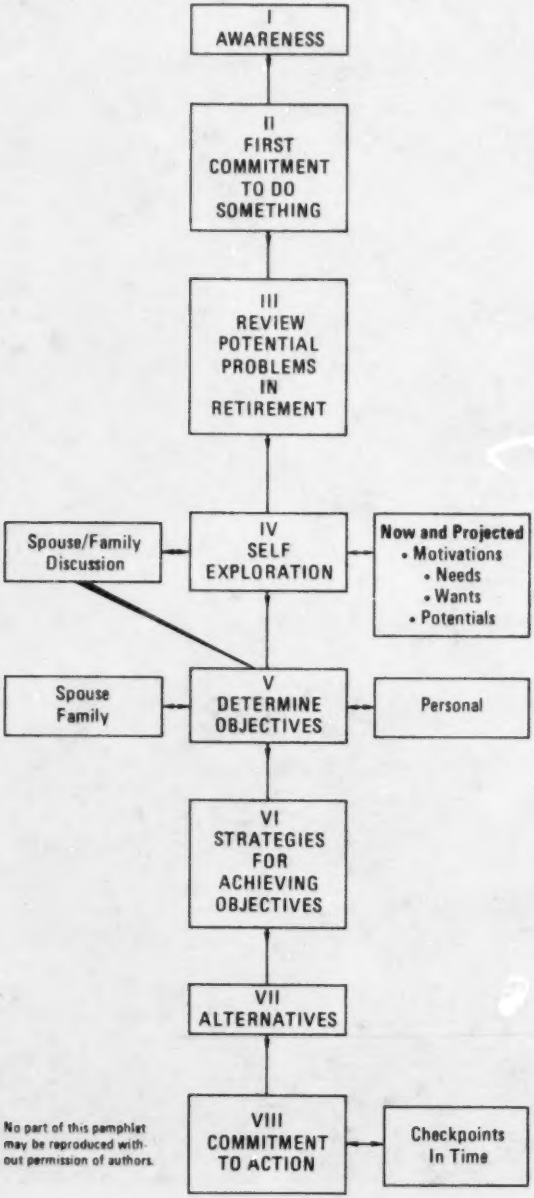
NRTA JOURNAL. Washington, D.C.: National Retired Teachers Association.

O'Meara, J. Roger. RETIREMENT: REWARD OR REJECTION? Report No. 713. New York: The Conference Board, Inc., 1977.

RETIREMENT LETTER. Washington, D.C.: Phillips Publishing Company.

Sheehy, Gail. PASSAGES: PREDICTABLE CRISES OF ADULT LIFE. New York: E.P. Dutton & Co., Inc., 1976.

PLANNING BY OBJECTIVES CHART



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RETIREMENT
End of the Rainbow
Or End of the Road?
By Betty Booker

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The vast majority of those who retire do so without adequate planning and with little knowledge of what to expect.

To find out what retirement is and how to get ready for it, reporter Betty Booker of The Times-Dispatch traveled nearly 3,000 miles seeking information either not readily accessible or rarely sought by those approaching retirement.

Information was obtained from written studies and from interviews with retirement counselors at the University of Michigan Institute of Gerontology and the Duke University Center for the Study of Aging and Human Development.

More information was gathered from government and academic reports, books and research papers on retirement, health, law, mental health, financial and estate planning, leisure and housing.

Interviews were also conducted with experts on aging at the National Institute on Aging of the National Institutes of Health, at Antioch College in Columbia, Md., and with other authorities on retirement and gerontology.

Betty Booker, 34, has worked for The Times-Dispatch since 1968. A 1966 graduate of Sweet Briar College, she specializes in writing about aging and mental health.

On the Front Cover

Mr. and Mrs. William L. Ivey Jr., retirees active in Richmond civic and volunteer affairs, walk down the city's Monument Avenue. Photograph by Bill Lane.

On the Back Cover

Mrs. Elizabeth Woodson Gee Baughan takes her daily walk down a quiet country road near her home in Keysville. Photograph by Don Rypka.

Transition to Retirement

'Not the traumatic. . . thing that is feared'

Americans are well-prepared for work. Productivity and independence are at the center of our education, training and social development. Work, which occupies the major portion of time, thought and effort in adulthood, gives direction and form to life.

But the vast majority of Americans are not rehearsed for retirement.

Retirement, the end of the heavy demands of a job and the start of dependence on government and private income sources, can cause a significant shift in the daily pattern of one's life. Sometimes there are reverberations in the emotions of workers whose enterprise and strengths made the concept of retirement possible.

Unprepared, the former worker suddenly has large amounts of unstructured time and a reduced income in a society that is largely unwilling to accept its older workers as viable members.

STEREOTYPES about retirement are commonplace.

Some retirees, and others, are lulled by advertisements of plasticized golden years communities and by political protestations that government subsidies for income and medical care will make retirement an earthly geriatric nirvana. Many enter retirement with the delusion that somehow all the struggles that are the essence of life will vanish.

Others, terrified by stories of loneliness, poverty and social prejudice against the old, cling to jobs in which they are no longer useful when not forced out by mandatory retirement, or leap into a round of meaningless activities. Some withdraw into dusty nests, defeated as much by their negative attitudes as by the system.

Like most myths, these stereotypes contain fragments of truth. But despite the fact that most retirees do not take adequate steps to plan for their future, most eventually adjust, readied for change by experience and individual fortitude.

Today more than ever, older persons live longer in better health and less poverty. Reduced workweeks and longer vacations give workers a taste for individual pursuits in retirement.

Like Valmore Poindexter, 73, More Than 20 Million Americans Are Retired

AS IN OTHER PERIODS of life, retirement offers the potential to develop while adapting to personal and physical losses and social changes. There is time to evolve an insight into one's life and a hope that is almost always realized only by living.

"I'm convinced that retirement is not the traumatic and destructive thing that is feared," said Dr. Erdman B. Palmore, medical sociologist at the Duke University Center for the Study of Aging and Human Development. "Most retired people seem to adjust into retirement in a fairly short time with no negative side effects on health or life satisfaction."

The transition to retirement, however,

can be eased considerably by knowledge and pre-retirement analysis of housing alternatives, financial management, health maintenance, leisure time organization, attitude adjustment and legal pitfalls.

Crossing the artificial barrier of age 65, a traditional mandatory retirement limit derived from Otto von Bismarck's social legislation in Germany in the 1880s, does not really alter fundamental personality.

But by decreeing mandatory retirement at 70, as Congress did early in 1978, society is able to identify and separate a group that is homogeneous only by age and to systematically exclude those in it, regardless of ability. Limiting the productiveness of many of the 23 million people over 65, or about 10.5 percent of the population, provides more work at higher pay for younger workers.

THE ATTITUDE also permits society "to silence the voices of those who remind us of our own destiny," said the Rev. Henri J.M. Nouwen, author of a book on aging and a professor at Yale Divinity School.

It is an isolation that is becoming harder for society to achieve. The median age in the United States is 28; by the year 2020, it is estimated to rise to the mid-30s as the babies of the post-World War II period reach retirement age and swell the population of the elderly to an estimated 40 million, or 15 percent to 20 percent of the population. "The prevailing view of aging is that it is a deterioration, a decline, a withdrawal from society and a limited usefulness," said Woodrow W. Hunter, a pioneer in pre-retirement education at the University of Michigan's Institute of Gerontology. "This negative view is also shared by older people. If you hear a thing often enough, you believe it."

Yet there is a barely perceptible change taking place as an increasing number of people retire voluntarily and as research on retired persons counters misconceptions.

"Only in the last decade are we saying that retirement is an achievement of modern society, a dividend of time when a retired person can make choices, engage in activities he prefers and participate in socially productive roles," Hunter said.

Herman B. Brotman of Falls Church, a nationally known consultant in gerontology, noted that "it is getting more respectable to retire because of the sheer numbers of older people and more people getting exposed to leisure time. The work ethic approach is getting tempered somewhat as people realize that sometimes not working is beyond their control with mandatory retirement, and that not working is not all that bad."

NOT WORKING seems even more attractive because new studies of the retired show that there is an eight-in-10 chance of maintaining health after 65 and that there is only one chance in four of any kind of institutionalization during one's later life.

Approval of the retirement concept is clearly seen in the trend toward early retirement. The majority of workers now opt for voluntarily ending a work career. More than half of all retired workers drawing Social Security are taking reduced benefits obtainable at age 62.

The average age of retirement is statistically unknown, but Dr. Robert N. Butler, director of the National Institute on Aging, estimates the average retirement age is about 57.

Those retiring before 65 do so for reasons including ill health, marginal employment, liberal pension plans in some industries, interest in pursuing new activities, ending a government or military career or simply having enough money to retire, said Dr. James N. Morgan, an economist at the University of Michigan's Institute for Social Research.

Whether the movement toward early retirement will continue is uncertain. "Economics may cause a reversal in the present early retirement trend," said Washington industrial gerontologist Malcolm H. Morrison.

"IT IS POSSIBLE, with the declining birthrate and an increased drain on welfare programs, employers may find themselves in need of workers and inducements to remain on the job may surface," he said.

Already there is a secondary trend toward developing retirement alternatives in the form of flexible work schedules, shorter work weeks and retirement phased over time.

Although such adaptations are largely academic and few take advantage of them when offered, in 25 years lifetime working may return as the norm, Morrison said.

"Now all scientific evidence indicates older workers want to retire early. At the very most, only a third of the retired population has indicated they care to work in any way. Also, there isn't much available for people to do," Morrison said.

Dr. George L. Maddox, director of the Duke Center for the Study of Aging and Human Development, noted a "need to make some confrontations now" on needs of older persons. "I don't think we can avoid making these decisions much longer. There is a lot of pushing and hauling as this society is modifying itself to adjust to older people."

"IF WE COULD HAVE an understanding of late life as a basis for optimism, we could reduce the incongruities between what older people can do and what we allow them to do. Most of the problems of older people are generated by society as much as by something inherent in older people themselves," Maddox said.

Until these changes occur, the "best procedure is to provide pre-retirement preparation for most workers," Brotman said.

Planning will help alleviate the poverty and near-poverty that afflict nearly a quarter of the nation's elderly population. About 15 percent of those over 65 have less than the Office of Management and Budget's calculated poverty-level annual income of $2,970 for a single person and $3,930 for a couple. Ten percent more are at near-poverty levels.

Because of meager incomes, a large part of the population doesn't get independence in retirement unless other sources of income are developed before retirement.

Nearly half of retired persons depend on subsistence-level Social Security benefits and a minor amount from pensions as their biggest source of income, Brotman said.

Most non-executive employees lack the skills and basic information necessary to compute retirement income, and lack realistic expectations about savings and investments to prevent monetary problems after retirement, Morrison said.

The result is that retirement incomes are usually half to two-thirds of pre-retirement earnings.

Planning for retirement encompasses a broader range of issues than money management. Knowing what to expect in health and diet, housing, leisure and legal problems "tends to facilitate the transition into retirement," Hunter of Michigan said. "It is not designed to frighten those approaching retirement but to give them support and relevant information about retirement."

Only about 14 percent, some 2.9 million people over 65, work. Men are employed at twice the rate of women. Yet the earnings of those over 65 who work account for about 30 percent of all the income of older persons. Those who work are usually self-employed or work in part-time jobs or in agriculturally related employment, traditionally paying low wages.

Age discrimination limits opportunities for employment. There are exceptions, mainly among professionals.

"The majority of people handle retirement like they've handled other crises in their lives," Hunter said. "It is a critical time, but not insurmountable. I do not endorse the notion that our retired Americans are maladjusted. I'm amazed at their skills at adapting to changes in their lives."

Sooner than later, better now than never, specific retirement plans should be prepared. Preparation for retirement is not an exercise in negativism, but a way to make retirement more an end of the rainbow than an end of the road.

Assessing Expenses

'I've had a good life . . . but I didn't save anything much'

The statistics are grim. The majority of retired persons live on half to two-thirds of their pre-retirement income. Approximately a quarter of all older people are classified as poor or nearly poor.

It is not surprising, then, that money is the principal concern of those nearing retirement and of those already retired.

Financial planning, regarded by most workers and financial specialists as the key to independent retirement, is based on firm, realistic knowledge of personal assets, spending habits and sources of income, both before and after retirement.

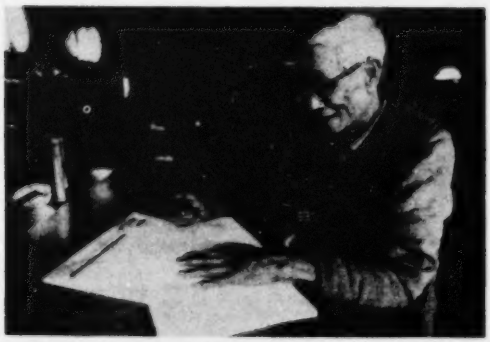
However, "preparation has to start soon enough so that if any action is necessary . . . there will be time to take it," said Herman B. Brotman, former chief statistician and program developer for the aging section of the Department of Health, Education and Welfare.

TODAY'S RETIREES face planning for an economically hazy future. Inflation eats into the fixed incomes of pensions, savings and some investments. Out-of-pocket medical costs for those over 65 average about $1,360, 2½ times what is spent by younger adults.

Average life expectancies beyond 65 have been pushed to 13 years for men and 17 years for women, and often the retirement period is lengthened to 20 or more years.

Retirement economists say that the effect of reduced income on retired persons' financial status is not clear because of a lack of research, needed in all areas of aging. There are indications, however, that income cannot be viewed as the only measure of financial security.

For most retired persons, the expenses of rearing and educating a family, purchasing a home and working are removed. But these savings are offset by increased health, social and recreational expenses.



George Woo, 75, Operated a Restaurant for 20 Years Before Retiring

LIFETIME HABITS of financial management augment the money picture in retirement. But a Duke University analysis showed that two-thirds of those studied in one test made few or no preretirement plans.

"A lot of people don't plan in general. They just drift along, unaware that planning could make a difference. They don't know how to start. They avoid something they don't like to think about and are afraid of," said Dr. Erdman B. Palmore, medical sociologist at Duke University's Center for the Study of Aging and Human Development.

"If people have planned for retirement, they're one of the fortunate few," said Arlene C. Elmore, a Durham, N.C. preretirement training expert. "Most people have retirement blocks. They say, 'It's too early yet. I'm not old. I'm only 50, or 55, or 60. I might die before then.' Some deny they will retire through the day they retire." One 61-year-old Charlottesville

office worker, slowed by illness, avoids his approaching retirement. "I'd like to retire right now," he said. "I don't have the money. I always thought I would die before I reached 60. I've had a good life, and I don't regret it, but I didn't save anything much. To tell you the truth, I don't know how much money I have right now. I could get Social Security in a year when I get to be 62, but I don't know how much. I'm kind of afraid to find out."

HE ISN'T ALONE. A recent study by the University of Michigan's Institute for Social Research showed that 25 percent of American families have no savings. Sixty-eight percent had some savings, and the rest refused to answer.

His fear isn't unusual, either. Ms. Elmore noted that "it's not at all unusual to be afraid of preretirement planning."

Poor money management and inflation have taken their toll on the nation's retired population.

In 1975, 15 percent of those over 65 earned less than the federally figured poverty level of $2,970 for a single person and $3,930 per couple, compared with 12 percent in poverty for the rest of the population. The near poor, those who have marginal or inadequate incomes, push the figure for the retired to 25 percent.

This is a reduction since the 1960s, however, when about 30 percent of the elderly were classified as poor. Social Security and other benefits were the main causes of the reduction, Dr. Palmore said.

THE ALTERNATIVE to drifting into retirement is to examine your financial status. The facts may confirm your worst fears, but most people are pleasantly surprised.

"There is absolutely no excuse for a person going into retirement and not knowing how much money he will have to live on. It's not all that difficult arithmetically," said Woodrow W. Hunter, preretirement education professor at Michigan's Institute of Gerontology.

"It does no harm to think about career planning, including retirement, as early as one's 30s," said Washington industrial gerontologist Malcolm H. Morrison. "As things stand today, by the time you reach 45, you ought to give some serious thought to planning."

The minimum time for planning is 10 years before retirement, when mortgages are dwindling and there is extra money after children have left home. But even a year or two before retirement is better than no planning at all.

Those planning for early retirement use the same preretirement planning procedures as those retiring later. Most early retirees have saved with the intention of leaving, Ms. Elmore said.

OFTEN WHEN an employee retires early, pension benefits are reduced. Sometimes employers encourage early retirement by agreeing not to reduce benefits or by offering a bonus to tide the employee over until he is eligible for Social Security.

Early retirement also limits the length of time for earning wages that can make the rest of life better, said Dr. James N. Morgan, an economist at Michigan's Institute for Social Research. "But early retirement can't be so entirely stupid. Too many people are doing it. Jobs aren't all that nice and I guess we ought to applaud them for saying so" by retiring early.

The ability to accumulate assets and wealth increases "markedly" after age 50 when incomes are highest and child-related expenses lowest, said Dr. Richard Campbell, Duke University specialist in the economic and social status of the elderly.

Although the longer a worker stays in the labor force the more opportunity he has to accumulate assets, these assets rarely amount to more than $100,000, including house, savings and other investments.

Financial planning is needed by all persons regardless of their status in society.

"MANY WEALTHY PEOPLE never managed their money properly, and are just as concerned with money at retirement as those who won't have enough to live on," Ms. Elmore said. "In retirement these people will have to cope with the trauma of not having Dior gowns and Sonny can't have a new sports car every year. Retirement changes their consumer habits."

The poor, many getting the $114.30 minimum monthly Social Security, buttressed by other payments from Supplemental Security Income, are often "better off at retirement than any other class," she said. Besides qualifying for numerous low-income housing, food and Medicaid benefits, the poor are accustomed to living on small incomes and have developed skills to do it.

But "the middle class will have to learn how to live like poor people unless they have done financial planning," she said.

On the average, most people find after analysis that they need about 70 percent of their pre-retirement income to live comfortably and have enough disposable income for emergencies, travel and savings, Morrison said.

THE FIRST STEP in financial planning for retirement is to chart an accurate picture of current resources. The goal then is to increase disposable income — the difference between expenses and income — that can be converted into income-producing investments for retirement.

This is not a difficult task, but it is usually time-consuming since the information must be gathered from a variety of sources.

The following chart, a compilation based on University of Michigan and Duke University pre-retirement planning courses, and information from the American Association of Retired Persons' financial guides, is a sample guide for figuring your assets. Other planning guides are available at libraries and bookstores.

Amounts of some items — stocks, bonds, savings and cash values of life insurance — can be established by calling your banker, broker or life insurance underwriter. Canceled checks are another source of determining expenses of such items as utilities, heating fuel a. t household expenses.

ESTIMATES OF household goods, real estate and automobiles should be conservative. Most household goods depreciate in value and their worth can be estimated by determining their resale value in a second-hand store.

The value of your house can be estimated by approximating the selling prices of nearby homes, or a professional appraiser can, for a fee, give a value. A real estate agent will also make an estimate that is often inflated to allow for bargaining in a sale.

Include in the monthly computation a percentage of annual, semi-annual, quarterly and bimonthly expenses.

Total the expenses. Compare this figure with the total amount of income you have. It will tell you clearly if you need to develop more careful spending habits in order to save money for investments for retirement.

It is not unusual for those who have not been tracking their expenses to be shocked at the amount of money spent on unnecessary or marginally useful items.

GOOD CONSUMER HABITS include deletion of unneeded spending and the start of comparison shopping, avoidance of credit buying and refusal to overpay for convenience foods. Other hints on good shopping techniques are readily available in newspapers and consumer magazines found at the library.

If you are among the nation's 25 percent of families with no savings, consider revising your money management practices. "Money saved is just as good as money earned in retirement," Hunter said.

After computing your monthly expenses, estimate the same expenses for retirement.

Economist Sylvia Porter says it is "reasonable to anticipate an ever-rising cost of living, perhaps at an annual rate of 5 to 6 percent for years to come." This inflation must be figured into your anticipated retirement expenses.

Total the estimated expenses in retirement. Compare this figure with your anticipated income in retirement. If there is not enough income to cover expenses, consider further spending reductions or find ways to increase retirement income, Hunter said.

Monthly Expenses Worksheet

	Monthly Average Present	Monthly Average In retirement
FOOD		
At home	____	____
Away from home	____	____
Entertainment	____	____
HOUSING		
Rent or mortgage	____	____
Real estate taxes	____	____
Insurance	____	____
HOUSEHOLD/YARD MAINTENANCE		
Repairs, improvements	____	____
Routine home maintenance (include equipment, materials, costs of service)	____	____
Utilities (water, electricity, gas, etc.)	____	____
Heating fuel	____	____
Waste disposal	____	____
Telephone	____	____
Services (domestic, yard-man, etc.)	____	____
DOMESTIC PURCHASES		
Furniture, fixtures	____	____
Floor coverings	____	____
Cleaning, laundry supplies, equipment	____	____
Linens, draperies, etc.	____	____
Kitchen equipment	____	____
Garden equipment, plants, seeds, fertilizers	____	____
Other	____	____
TRANSPORTATION		
Car payments	____	____
Gas, oil	____	____
Repairs	____	____
Insurance	____	____
License	____	____
Other (airplane, bus, taxi, train)	____	____
PERSONAL		
Clothing	____	____
Laundry, dry cleaning, shoe repair	____	____
Personal services (barber, hairdresser)	____	____
Cosmetics, toiletries	____	____
Alcohol, tobacco	____	____
Stationery, postage	____	____
Contributions (church, charity)	____	____
HEALTH		
Medicine, drugs	____	____
Doctor, dentist bills, hospital costs	____	____
Glasses, hearing aids, etc.	____	____
Medical insurance	____	____
Other medical, health insurance premiums	____	____
Other	____	____
EDUCATION		
Children's educational expenses	____	____
Adult educational expenses	____	____
TAXES, INSURANCE, LOANS		
Federal income tax	____	____
State income tax	____	____
Local taxes	____	____
Personal property taxes	____	____
Interest, amortization on loans	____	____
Life insurance premiums, annuities	____	____
Personal property insurance	____	____
SAVINGS, INVESTMENTS		
Savings deposits	____	____
Payments of company pensions and profit-sharing programs	____	____
Private purchase of stocks, bonds, real estate, etc.	____	____
Other	____	____
RECREATION		
Tools, hobby materials	____	____
Theater, concerts, movies, sports events	____	____
Club membership dues	____	____
Books, magazines, newspapers	____	____
Additional entertainment	____	____
Sports equipment, supplies	____	____
Pets (license, food, etc.)	____	____
Vacations	____	____
Unallotted	____	____
WORK-RELATED EXPENSES		
Lunches	____	____
Coffee breaks, snacks	____	____
Transportation (tolls, parking, gas/oil)	____	____
Work clothing or uniforms	____	____
Office collections (flowers, presents, etc. for fellow workers)	____	____
Laundry and dry cleaning	____	____
Salary taxes and deductions	____	____
Impulse buying, nonessential purchases	____	____
Home repairs (you could do it if you had time)	____	____
Cosmetics and grooming	____	____
Domestic help	____	____
Other hidden expenses	____	____
TOTALS	____	____

*Include ½ of bimonthly expenses, ⅓ of quarterly, ¼ of annual

[Based on a compilation of University of Michigan and Duke University retirement training manuals]

Financial Planning

Social Security, pensions and savings

The bearded, gray-haired social worker ran his hand distractedly over his head. "I'm so stupid about money. Here I am, 54 years old, and I don't know one thing about how to handle what little money I've got. I don't know where I'm going to get any money when I retire.

"Do you think Social Security will give me enough to live on? Do you think I have time to make any savings or investments that amount to anything? Talking about this makes me nervous."

Nationally, retired persons derive about 36 percent of their income from Social Security, but this government program financed by tax deductions from paychecks is only "one leg of a three-legged stool of retirement financial planning," said Herman B. Brotman of Falls Church, retired chief statistician and program developer for the aging section of the Department of Health, Education and Welfare.

Pensions and savings are the other two "legs."

These are augmented by wages. Nearly a third of retirement income comes from earnings. Savings and investments follow, with employers' pensions, armed services, government and railroad pensions, family contributions and other public and private assistance following.

Savings Accounts Are Urged for Persons Planning Retirement

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Most of these sources of retirement income are determined by standard formuals: Social Security is computed according to the average of individual earnings, pensions are set by the length of service and other requirements, and amounts from other sources are generally based on set calculations.

Pensions are protected by law and insurance, said Dr. Gerda G. Fillenbaum, Duke University sociologist and gerontologist.

The Employee Retirement Act of 1974, administered by the Department of Labor, seeks to guarantee the present and future rights of employees to collect their company pensions. There are exceptions to these protections. Pension plans operated by churches and federal, state and local governments are examples.

Pensions are generally of two types, a lump sum payment that can be reinvested in income-producing methods or a monthly benefit check to the worker or his spouse, if survivor's benefits are selected.

Not all workers have pensions, and those who have them are generally unaware of the provisions that can be obtained from the executive in charge of the program, said Woodrow W. Hunter, a University of Michigan Institute of Gerontology pre-retirement specialist.

HUNTER SAID the basic information each employee should have about his pension is when he is vested (becomes eligible for retirement benefits), whether the employee can contribute to the pension, if there are individual options such as survivor's benefits, and for what length of time the benefits will be paid.

Monthly Income Worksheet

	Sources of Income	
	Present	After retirement
SOCIAL SECURITY		
Husband after 62	_____	_____
Husband after 65	_____	_____
Wife after 62	_____	_____
PENSIONS, BENEFITS		
Company	_____	_____
Veterans	_____	_____
Union	_____	_____
Civil Service	_____	_____
Railroad	_____	_____
Widow's benefits	_____	_____
Endowment policy	_____	_____
TIAA-CREF (teachers' pension)	_____	_____
COMPANY PROFIT SALES	_____	_____
ANNUITIES	_____	_____
COMPENSATION FROM EMPLOYMENT		
Wages, salaries (full or part time)	_____	_____
Commissions	_____	_____
Consulting fees	_____	_____
Royalties	_____	_____
Own business	_____	_____

	Sources of Income	
	Present	After retirement
INTEREST AND DIVIDENDS		
Savings bank	_____	_____
Savings and loan	_____	_____
Loans and mortgages	_____	_____
Stocks	_____	_____
Bonds	_____	_____
PROFITS FROM THE SALE OF		
Real estate	_____	_____
Stocks	_____	_____
Bonds	_____	_____
MISCELLANEOUS		
Insurance cash value	_____	_____
Tax refunds	_____	_____
Rent from property	_____	_____
Windfall sales (antiques, stamp or coin collections, etc.)	_____	_____
Other	_____	_____
TOTAL MONTHLY INCOME	_____	_____
TOTAL MONTHLY EXPENSES	_____	_____
BALANCE (disposable income)	_____	_____

(Based on a compilation of University of Michigan and Duke University retirement training manuals.)

Sometimes taking survivor's benefits means each monthly pension check will be smaller.

The pension holder should also ask if the pension is portable — that is, if accrued benefits can be taken from job to job as the teachers' pension, TIAA-CREF, can be.

When pension benefits are drawn, the amount of money an employee contributed to his retirement fund is free of federal taxation, but not the employer's contribution.

The Keogh plan or an Individual Retirement Account make available tax-free substitutes for employees without a pension plan or for self-employed persons.

THE KEOGH PLAN enables self-employed persons to save $7,500 or 15 percent of your annual income, whichever is lower, tax-free, until withdrawing the sum in amounts determined by insurance tables or one lump sum. Then it is subject to taxation. Financial advisers say to consult an attorney when setting up a Keogh plan because of requirements that employers organized a similar plan for their employees.

An Individual Retirement Account allows employees without pension plans to set up tax-free dividends, interest and capital gains that compound the retirement account growth. A systematic withdrawal plan from the account can begin as early as age 59½ and must begin no later than six months after the 70th birthday.

There are government subsidies and welfare benefits other than Social Security, including disability and survivors' benefits from the Social Security Administration.

The computation is different from that for Social Security, and each is figured individually.

Supplemental Security Income offers a guaranteed annual income floor, which is below the federal poverty level for needy older people, the blind and disabled persons. It is financed by general tax revenues and run by Social Security.

THE EXCEPTIONS to regulated benefits in retirement financial planning are private savings and investments. The individual controls their growth by a combination of thrift and selection of investment alternatives.

"The development of personal sources of income from savings and investments before retirement is a greatly neglected source of retirement income," said Arlene C. Elmore, a Durham, N.C., pre-retirement planning specialist who

developed Duke University's retirement training program.

A healthy savings account is essential for financial security before and after retirement.

Savings are accumulated by putting aside money for future use in savings accounts in banks, savings and loan institutions and credit unions.

The funds in savings accounts should be readily accessible for emergencies, Hunter said. Retirement counselors at the University of Michigan advocate maintaining an emergency savings account that is 2½ times your annual income. This account could pay for unexpected expenses, major illnesses and other out-of-pocket drains in retirement.

THE TYPES of savings accounts, by far the most commonly used method of retirement financing, vary from the low rates paid by passbook accounts to certificates of deposit.

But habitual saving helps money deposited in the account to grow through compound interest. For instance, if $50 were saved monthly and compounded semiannually at a 6 percent interest rate, in 10 years the amount would be $8,202.

Certificates of deposit pay higher interest rates but tie up money for 90 days to six years or longer. The certificates are usually sold in $1,000 and larger units, and there is a penalty for early withdrawal.

Another private way to plan for retirement income is to buy annuities, contracts sold by insurance companies that guarantee a fixed payment for life. At retirement, converting the cash value of life insurance policies into annuities is a good way to provide retirement income, Hunter said.

THE ADVANTAGE of annuities is that the retiree is guaranteed a fixed income. Although annuities draw interest if bought during working years, no income tax is paid until they are withdrawn, usually when the retired person is in a lower income bracket. Annuities also require no money management.

Annuity rates are better when bought in later life, but rates vary, so shop for the best rates, retirement economists say. The average income from annuities varies, but a typical example on a straight life annuity is $7 for each $1,000 invested.

Most financial advisers recommend maintaining a base savings account of $10,000 before embarking on investments like common stocks, commodities, real estate and low-grade corporate bonds. These investments are usually undertaken only by persons with knowledge and good advice. Wise diversified choices can greatly increase retirement income; failures can be ruinous.

The recommended alternatives for those not financially able to invest in high-risk purchases are low-risk U.S. savings bonds, U.S. Treasury bonds, federal agency bonds and municipal bonds. Preferred stock, high-rated corporate bonds and mutual funds are average-risk alternative investments.

THE GOAL in retirement investing is to produce income, retirement advisers say. And, they say, do not tie up money in investments that may eventually prove valuable unless you have a lot of money.

Series E savings bonds pay 6 percent interest, compounded semiannually, if held to maturity. They are exempt from state and local taxes, and federal tax is paid only on the interest when the bonds are cashed. They can be bought in denominations of $25 to $1,000 and mature in five years.

Series H savings bonds also pay 6 percent interest, compounded-semiannually, and are subject to federal tax as interest is received. They are sold in $500, $1,000 and $5,000 denominations. Series E bonds can be converted to Series H bonds with no tax on the Series E income until the Series H bonds are cashed.

U.S. Treasury bonds, issued in amounts as low as $1,000, pay according to the money market, but average about 6 percent to 8 percent and mature in three months to two years. Federal agency bonds, issued by various branches of the federal government, have a varied yield of 4 percent to 8 percent, but they must be bought in $5,000 units.

FOR SAFETY'S SAKE, municipal or tax-exempt bonds should have an AAA or AA rating. They are exempt from federal taxes and from state and local taxes if you live in the political subdivision where they're issued.

Preferred stock is an average-risk investment. It is a hybrid security that usually has a fixed income and has no maturity date and is paid by companies before dividends on common stock are paid. Preferred stock doesn't grow or decline as fast as common stock.

American Association of Retired Persons retirement advisers said if income is desired more than growth, preferred stock, primarily utilities, is a better purchase than most common stock. Dividends range from about 7 percent to 9 percent.

Corporate bonds are rated by Moody's, a Wall Street rating firm, beginning with AAA. A rating below a BAA suggests a marginally safe investment. Corporations with high ratings, while they cannot guarantee they won't default in payments, rarely do so.

A MUTUAL FUND, another average-risk investment, is operated by a professional investor who receives a small fee for his services. The fund provides a diversified investment, but the types of purchases vary greatly depending on the fund's investment objective.

Funds that buy risky stocks have been paying low dividends; others that buy preferred stocks and bonds have been paying 7 percent to 8.5 percent and more.

The amount of risk depends on the type of fund you select. Studies and ratings of funds are available in many financial publications and from investment services.

Owning a home is generally a low-risk investment not only for lifetime financial planning but also for the equity convertible to income if the house is sold after retirement.

Other forms of real estate investment are riskier. There are three main ways to invest in real estate: income-producing properties, future-use properties and real estate investment trusts. These investments demand personal expertise to prevent your investment's evaporating into a debilitating loss.

SOME RETIREES consider buying duplexes to live in and rent for extra income. University of Michigan retirement gerontologists note that a high level of energy is needed to maintain the units, and the retired person should be prepared for demands for household repairs and other overhead expenses when owning rental property.

The checklist on page 7, prepared from Duke University and University of Michigan Institute of Gerontology retirement planning material, can be used as a guide in figuring possible income sources now and in retirement.

Financial planning for retirement income takes thought and habitual accumulation of savings and investments. But the effort brings dividends that can mean the difference between a retirement of independence and one of frustration.

Social Security Procedure

Most people cannot expect to maintain a comfortable standard of living on their Social Security benefits. Social Security is designed solely to buttress incomes from pensions and investments.

Nevertheless, Social Security is one of the main sources of retirement income. Social Security accounts for about 38 percent of the average retired person's income.

Receiving Social Security is not an automatic process. You must apply for it three months before your actual retirement date when you want your checks to start.

While the exact amount of retirement income from Social Security cannot be computed until you apply, you can estimate the amount using the Social Security pamphlet, "Estimating Your Social Security Retirement Check," or by asking for assistance at the Social Security office.

WHEN APPLYING bring your Social Security card, proof of age (your original birth certificate or a duplicate from the Bureau of Vital Statistics), the previous year's W-2 federal tax form or tax return form if self-employed, Social Security number of your spouse and marriage certificate if applying for wife's or widow's benefits, your children's birth certificates if they are under 18, or 18 to 22 attending school full time, proof of military service and an estimate of earnings for the current calendar year.

The earliest you are eligible for benefits is at age 62, although if you do so benefits for the rest of your life will be reduced by 20 percent.

If you are planning to retire at 55, estimates of benefits will be inaccurate because they will be based on today's allowable benefits, which increase annually at a rate of 3 percent or more to keep pace with the cost of living.

Currently, Social Security benefits are based on lifetime earnings since 1950, with the five years of lowest income deleted.

Social Security payments range downward from the $460 allowed if the worker, retiring in January at 65, had paid the maximum Social Security.

THE MINIMUM BENEFIT at age 65 has been $114.30. The average retirement benefit has been $240 a month.

There are auxiliary benefits for eligible wives and children. At age 65, after making an application at the Social Security office, a wife can begin receiving Social Security benefits based on 50 percent of her husband's record, or she may apply at any age if she has children under 18 in her care. Divorced women can also draw on their ex-husband's record if they were married at least 20 years.

Children of a retired person also are eligible for benefits if they are either under age 18 or are full-time students aged 18 to 22.

Legislation before Congress would revise the Social Security system. A chief point in the debate has been the limitation on the amount a retired person can earn without forfeiting benefits.

Currently the highest amount a retired person younger than 65 is permitted to earn is $3,240 a year or $270 a month, but if you are 65 or older in 1978, the earnings limit is $4,000 annually, or $334 a month. After age 72, there is no limit on earnings.

LESS WIDELY KNOWN is the stipulation that a retired person can work part of the year and earn any amount of money. While benefits for the months of employment at more than $270 or $334 monthly wages would be forfeited, there is no limit on the amount you can earn in that period.

For the rest of the year, the months when there are no wages, Social Security is paid at the monthly rate.

For instance, if you were a consultant for three months out of the year, earning $25,000 in that period, you would forfeit three months of Social Security payments. But for the remaining nine months you would draw the monthly benefits, although your annual income exceeded the limit.

The Social Security office computes each retired person's benefits both annually and monthly and awards the higher amount.

Otherwise, beyond the $3,240 annual allotment, benefits will be reduced $1 for each $2 earned.

INCOME from investments and savings is not computed as earnings for figuring Social Security benefits.

The status of your Social Security, paid by you and the Federal Insurance Contribution Act tax your employer has paid to the Social Security trust funds during your working career should be verified periodically. Ron Hudson, a Social Security operations supervisor, recommended that employees routinely do this every three years because if mistakes have occurred, there are usually only three years in which to correct them.

This is easily done by sending in a "Request for Statement of Earnings" post card obtainable from the Social Security office. This check should also be made when nearing retirement.

Workers who don't file for benefits until after 65 qualify for a special credit of 1 percent of the benefit for each year (0.5 percent for each month) for working from age 65 to 72. The credit applies only to the months after December 1970, and only to the worker's benefit, not to that of dependents or survivors.

For low-income earners who have worked under Social Security for at least 20 years, there is a special minimum that depends on the number of years of coverage. For instance, for a worker retiring at age 65 with 30 or more years of coverage, the minimum would be $180. However, most people who have worked under Social Security for 20 years or more already qualify for higher benefits.

There is also a $255 payment at the time of death to help pay funeral expenses.

REQUEST FOR STATEMENT OF EARNINGS

SOCIAL SECURITY ACCOUNT NUMBER

DATE OF BIRTH — MONTH | DAY | YEAR

Please send a statement of my social security earnings to:

NAME

STREET & NUMBER

CITY & STATE ZIP CODE

Print address to be used for return of this form

SIGN YOUR NAME HERE (DO NOT PRINT)

Sign your own name only. Under the law, information in your social security record is confidential and anyone who signs another person's name can be prosecuted. If you have changed your name from that shown on your social security card, please copy your name below exactly as it appears on your card.

The Aging Process

Retired persons are healthier longer

After financial security, health is the aspect of retirement that concerns most people.

"My retirement will be just fine if I can keep healthy," remarked one Richmond executive. "The only problem is that good health is something you can't plan on."

Persons over 65 have an eight in 10 chance of remaining healthy in retirement. There is only one chance in four that they will ever need care in a rehabilitation facility like a nursing home.

The statistics contrast sharply with the prevailing view of health in retirement. A Louis Harris poll for the National Council on Aging shows that more than half of the population thinks poor health is a problem for older people. But only 25 percent of those over 65 agree.

Edward Wallerstien, 76, Exercises

MORE THAN 95 percent of people over 65 live in their communities, most of them independently. Fewer than 5 percent require some form of institutionalization, usually at later ages. Currently the national average age for nursing home patients is 80.

"In study after study, older people give themselves ratings of good or better on health. This says to me that it probably makes very little difference what specialists say about poor health in old age. Older people consider themselves functioning and they are," said Woodrow W. Hunter, a specialist in pre-retirement education at the University of Michigan's Institute of Gerontology.

Retired persons are healthier longer. For most, ages 55 to 74 are like an extension of middle age.

Nevertheless, about 86 percent of those over 65 have at least one chronic health condition such as arthritis, high blood pressure, cardiovascular disease and diabetes. Chronic means the disease is usually medically controllable although there is no known cure.

"This shouldn't give people the idea that the day after 65 they are going to fall apart. These diseases usually only come much later in life and the disability that arises is only to a limited degree. Also, chronic diseases only happen to some people, not all," said gerontologist Herman B. Brotman.

PHYSICALLY THE AGING PROCESS is marked by a gradual reduction in function over a lifetime. Because the process is gradual and because each person ages at a different rate, there is time to nourish one's capacities using much the same health practices as younger adults.

Why cells age is the subject of intensive research, said Dr. Edward Schneider, coordinator of the cellular aging program at the Gerontology Research Center of the National Institute on Aging.

"It is very clear that aging is a very complex process," he said. "We are not in absolute and complete control of aging, but if we do not find out what causes aging and age-related diseases, we won't be able to make any headway into curing social diseases and [improving] the quality of life in old age."

Good health practices can extend the well-being of middle age far into retirement, but revisions in poor health habits are ultimately personal ones. The results of moving away from a sedentary life and calorie-rich diets can have positive effects at any age.

This process begins with a thorough physical examination.

RETIREMENT CONSULTANTS advise getting a complete physical examination before retirement, while the worker is still covered by a company insurance plan. Most benefits of group health plans cease at retirement. The examination will discover needs for corrective surgery and other procedures that Medicare may not pay for but for which the company policy might.

During the examination, which ideally should include an exercise stress test (an electrocardiogram taken while exercising), ask the doctor's advice on diet, ex-

ercise, how often checkups are recommended in reurement and any other worry about your mental or physical state.

This examination, preferably with a doctor younger than you whom you plan to keep as your personal physician in retirement, will give the physician knowledge of your physical state and a basis for detecting future changes.

At the same time, select a nearby drugstore that will fill low-cost prescriptions and possibly deliver them to your home if you are unable to drive. There are also several prescription services by mail that are advantageous for lower-cost treatment of some ongoing medical problems. Also, comparison shop for drugs and ask the pharmacist if the prescription can be filled by the generic drug rather than a name brand.

RETIREMENT PLANNERS also suggest investigating community health facilities — hospitals and nursing homes — to determine location, costs, services, atmosphere and staff attitude.

Dr. Schneider said the basic diet and exercise recommendations for older persons are generally the same as those for younger adults. They include controlling weight through calorie restriction, rhythmic exercise taken regularly and the elimination of excessive alcohol, salt, sugar and non-nutritious foods.

Generally, older persons require fewer calories than younger persons. The Food and Nutrition Board of the National Research Council suggests reducing calories by 5 percent between the ages of 55 and 65, by 5 percent between the ages of 65 and 75 and by 7 percent after 75.

A balanced diet consisting of the four basic food groups — dairy products, meat, grain and fruits and vegetables — helps improve the function of mind and body, increases resistance to disease and enhances a feeling of vigor and mental well-being.

OBESITY, WHICH some health professionals call the major health problem of the United States, contributes to the onset of such ailments as coronary heart disease, diabetes and high blood pressure. Extra weight makes these problems more difficult to control.

Dr. Schneider said there is only one proven way to control weight: dietary restriction combined with regular exercise.

He recommends adopting a diet low in high-cholesterol meats, dairy products, sugar, salt and food additives, perhaps using cookbooks that stress increased consumption of vegetables.

Malnutrition sometimes affects older persons, especially those who live alone. A British study showed that loneliness, leading to depression, also led to apathetic attitudes about eating properly. This is relieved by finding meal companions.

Lack of knowledge about good nutrition, coupled with little money for food, also causes problems.

FOR THOSE who cannot or don't cook, there are community programs providing prepared meals. Meals on Wheels, which delivers food to older adults stuck at home, and nutrition centers to which older persons are transported for meals, are two subsidized programs.

Exercising doesn't mean suddenly running five miles when your life has been one of inaction. Such uncontrolled stress can be dangerous for someone unused to the physical effort. Medical advice will help eliminate this risk.

But the risk is even greater if no regular exercise is taken. Exercise promotes benefits beyond heart condition. If you don't use your body, your ability to move decreases and breathing capacity is lessened. Exercise helps reduce nervous tension and promotes emotional health, Dr. Schneider said.

Rhythmic exercise, such as walking briskly, jogging, swimming and walking up stairs, is better than that of sudden starts and stops unless you are used to it.

IF YOU HAVEN'T started before, "it's not too late to start," he said.

In a study of men and women aged 52 to 88 in a California retirement village, Dr. Herbert A. deVries, an exercise physiologist at the University of Southern California's Andrus Gerontology Center, found that regular exercise three hours a week enabled the participants to regain lost vigor.

The study showed results of lowered blood pressure, increased breathing capacity, weight loss, decreased emotional stress and increased stamina.

Dr. Schneider, author of a book on the reproductive system and the genetics of aging, noted that sexual activity in later years is a "very nice way of exercising and retaining your self-confidence."

Contrary to a myth popular among the young and shared by many older persons, sexual activity does not wane with age. While some men find erections less spontaneous than in earlier years, they are often maintained longer. Postmenopausal women often find lovemaking a more relaxed experience when their concerns about birth control are removed, Dr. Schneider said.

AT RETIREMENT, "there is usually no change in sex life. At the same time, if there is a change — either increased activity or impotence — it is usually transient," said Dr. Charles J. Fogelman, a psychologist at Antioch College in Columbia, Md., who specializes in counseling older persons.

There are gradual physical losses common in old age, but not everyone experiences them.

Not uncommon are losses in visual acuity and hearing, particularly high-pitched sounds, and reduction in the senses of taste and touch. Routine physical examinations will help discover these changes.

Hearing loss especially causes anxiety and frustration because of a reluctance to admit it or to wear a hearing aid. Hearing problems, which can be detected by a physician, could be caused by as simple a thing as wax buildup.

If further testing is necessary, you will be referred to an otolaryngologist, a doctor specializing in hearing problems, and to an audiologist, who will test hearing acuity. A hearing aid dispenser will fit the aid, if it is needed. Mail-order hearing aid suppliers and most hearing aid dispensers are not qualified to diagnose hearing problems.

EYE PROBLEMS, detected in routine examination by a medical doctor called an ophthalmologist, can often be corrected by the addition of eyeglasses or a change of prescription. The testing also detects cataracts, often improved by surgery, and glaucoma, controllable with medication.

"It is a relief for people to know that these changes are a normal kind of thing," said Mary O'Brien, a University of Michigan gerontologist. "Knowing about these changes helps as opposed to thinking you are the only ones getting them."

Other common physical complaints of older persons are insomnia, fatigue, constipation and aches and pains, often relieved by changes in exercise and diet habits. But a checkup by a doctor will discover the cause and prescribe the remedy.

Retirement is not the end of the road physically. With careful lifetime maintenance, or revisions in poor health habits, the chance of continued ,good health while aging is great..

Retirement Blues Temporary

The majority of persons who retire do so with relative ease, marked perhaps by signs of temporary anxiety that often accompany significant change, but without the highly publicized trauma of "retirement blues."

"I'm amazed at retired people's skills at adapting to changes in their lives," said Woodrow W. Hunter, a leader in preretirement planning at the University of Michigan's Institute of Gerontology. "You're not all of a sudden someone different when you retire. You've handled difficult situations before and there's no reason to believe you can't handle situations in retirement."

Retirement is a substantial change, ranking ninth on a 28-point test of stress-producing events, following death of a spouse, marital disruptions and being fired from your job.

"IT'S HARD to plan to be mentally healthy like you can financially, but you can look out for things that might happen to you and be aware of what's happening to yourself, to know what's expected and how you react," said Dr. Charles J. Fogelman, a psychologist who specializes in counseling older people and a professor of adult development and aging at Antioch College.

"Forewarned in psychology is like 'a penny saved is a penny earned' in financial planning," he said.

Depression and generalized anxiety are "not uncommon about the time of retirement," he said. This state is characterized by such feelings as insecurity, self-doubt, frustration, sadness, anger and sometimes impotence.

These feelings are legitimate and usually temporary, he said.

"IF THROUGHOUT LIFE you have learned how to tend to your problems when they occur and go on to grow from there," the possibility of adverse reactions to retirement is lessened, Fogelman said. "If throughout life you react badly to crises, then you might be maladaptive in retirement."

He recommended "applying a test of common sense" to the process of adjusting mentally to retirement.

"People by and large will take care of adapting to retirement on their own, but there are those who need assistance. It's a legitimate thing to talk to a professional person. It often helps to look at the pattern of a retired person's life. Ask if he is responding in a characteristic way or in a new way that is atypical, and if so, can he cope with it?"

An example of adaptation despite initial distress is a government lawyer who, when he was forced to retire, showed bitter and angry feelings at not being allowed to continue. "I have lots of work still left in me," he complained.

HE CONTINUED to voice these feelings of rage at subsequent office parties to which he was invited until about two years later when he remarked, "You know, once I got used to it, retirement isn't so bad."

Some of the changes facing retired persons include role changes, the concept of productivity, disruptions of domestic patterns and the possible unexpected disintegration of retirement plans. Retirement also brings a time for reflection on aging and life, Fogelman said.

The number of changes that happen at retirement contribute to the anxiety. But increasing the number of changes that can be controlled often can prevent adverse reactions.

The work world consumes a large amount of life. "It's important to you and what you are. In retirement, you don't have this world to measure yourself against," Fogelman said. The role of wage earner is replaced in retirement either by becoming a contributor again in another job or by becoming a taker.

What Causes How Much Stress?

Stress is anything that upsets our equilibrium. It can be physical or emotional, painful or pleasant.

The following scale, developed by Dr. Thomas Holmes, a University of Washington psychiatrist, rates stress caused by life changes. His studies revealed that individuals who accumulated more than 300 points in a year were high risks for physical or psychological stress-related illness, while 50 percent of those with scores of between 150 and 300, and 30 percent with scores below 150, developed problems.

Although change is good and necessary for growth, limiting the number of optional changes in a year can avoid putting more strain on our systems than they can take.

Life change	Points	Life change	Points
Death of spouse	100	Change in work responsibilities	29
Divorce	73	Son or daughter leaving home	29
Marital separation	65	Trouble with in-laws	29
Jail term	63	Wife beginning or stopping work	29
Death of close family member	63	Outstanding personal achievement	28
Personal injury or illness	53	Revision of personal habits	24
Marriage	50	Trouble with boss	23
Fired from job	47	Change in work hours or conditions	20
Marital reconciliation	45	Change in residence	20
Retirement	45	Change in recreation	19
Change in health of family member	44	Change in social activities	18
Sex difficulties	39	Change in sleeping habits	16
Change in financial status	38	Change in number of family get-togethers	15
Death of close friend	37	Change in eating habits	15
Change to different kind of work	36	Vacation	13
Change in number of arguments with spouse	35	Minor violations of law	11
Mortgage over $10,000	31		
Foreclosure of mortgage or loan	30		

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receiving a pension and not adding to the economic framework of the world.

WHEN THIS CHANGE occurs, other aspects of life — family, recreation and friends — can be developed to fill the void.

During this period of role change, "it's my observation that carrying the job over into retirement by talking about work is likely to happen early in retirement. This is not so bad and nothing to worry about. It's not easy to let the job go even when you want to go," but if the reminiscences continue for a long time, the retiree may need professional attention, Fogelman said.

Growing to understand that people don't have to be productive but can be "warm, loving, giving and wise without working" is one of the emotional adjustments to expect in retirement. "There is more to life than productivity of a job. It's understandable if some people feel bad about not working in a society where people's worth is defined by the kind and amount of work they do," the psychologist said.

Some people attempt to make this change by finding something to be productive in, some flail themselves about not being productive and others accept not being productive.

Sometimes domestic changes are required of families at retirement. Usually the most affected person is the wife of a retired man. For years in command of the household during the day, she is suddenly forced to shift her patterns, to reschedule her day to accommodate another person's increased presence during times of accustomed solitude.

Also to be expected in retirement is the possibility that pre-retirement dreams and plans could change if there were an event like ill health or the loss of a spouse.

"You've got to expect the unexpected. You can't spend your life constructing invulnerable defenses. If you do, the stress when they fail is potentially catastrophic," Fogelman said.

Medicare Helps With Costs

Medicare is the national health insurance program that helps pay the costs of medical care for nearly everyone over 65 and for many younger, disabled persons.

Medicare, operated by the Social Security Administration, is divided into two parts. Part A is insurance for hospital stays and certain follow-up care; Part B pays for part of physicians' services, some outpatient care and other services.

Medicaid is basically a welfare program to provide medical assistance (its official name) to those of any age who cannot afford needed medical services. The program, which requires poverty-level income, is run by states through local welfare departments.

NEARLY EVERYONE becomes eligible for Medicare after the 65th birthday, whether retired or not. To be eligible for Medicare benefits, one must apply at the Social Security office at least three months before the 65th birthday. Medicare is not an automatic benefit.

To qualify for Part A of Medicare, a recipient must have worked long enough under Social Security or Railroad Retirement. There is no charge for Part A of Medicare unless you have not worked under these two plans for the required time. For those who have not worked long enough under these two plans, the hospital insurance may be bought for $54 a month.

"Part B is a low-cost medical insurance to pay doctors' bills and for outpatient services. This costs $7.70 a month, which is automatically deducted from the Social Security check. Those who are still working are billed quarterly.

While both parts of Medicare have been a significant factor in reducing the financial ruin that often accompanies catastrophic late-life illnesses, the insurance pays for only about 45 percent of the medical costs of older people.

MEDICARE pays for a limited number of hospital days and other health services. Additional health insurance from an insurance agent can fill some of the gaps in Medicare coverage.

Part A of Medicare will pay for the first 90 days of care in a participating hospital for each benefit period. A benefit period is a measurement of time that begins from the first day of hospitalization to 60 days after discharge.

For the first 60 days of hospitalization, Medicare will pay for all covered expenses except for the first $144. For the remaining period to 90 days, Medicare will pay for all covered expenses except for $36 a day, a figure based on the average daily costs of a hospital stay, said Ron Hudson, a Social Security operations supervisor in the Petersburg district office.

If hospitalization is needed for more than 90 days Medicare recipients can draw on a 60-day lifetime reserve. The cost to the recipient will be $7 a day and Medicare pays the rest.

Medicare will also pay some of the costs for up to 100 days in a benefit period for skilled nursing care in a participating facility. The first 20 days will be paid for in full for covered services, but the remaining 80 days will cost $18. Certain stipulations must be met, including having been hospitalized at least three days before entering the facility and requiring treatment for the condition causing hospitalization.

Medicare also will pay for 100 home health visits by an approved agency for up to 12 months after hospital discharge. Again specific requirements must be met, including being restricted to the home and requiring therapy for the condition that originally caused hospitalization.

Part B of Medicare, called medical insurance, pays for "reasonable" charges by physicians, but not a $80 deductible or 20 percent of the bills, which the retiree must pay.

Reasonable charges are determined by standards devised by health insurance companies chosen by Social Security. Retirees over 65 are advised to ask their doctor if he will agree to Medicare pay scales for services, or a larger-than-anticipated bill may be forthcoming that must be paid personally.

MEDICARE medical insurance covers such services as visits to the doctor, drugs that cannot be self-administered, outpatient services, hospital services for diagnosis and treatment in an emergency room or outpatient clinic, and up to 100 home health visits if certain conditions are met.

Part B will not pay for routine physical checkups and tests, prescription drugs and patent medicines, eyeglasses and eye examinations, hearing aids and audiological testing, dentures and other routine dental care, full-time home nursing care or orthopedic shoes.

Medicaid is free.

It seeks to pay for all that Medicare does not pay for. Medicaid assists families with dependent children and the elderly, blind and permanently disabled whose incomes aren't sufficient to pay for medical services.

Some Medicaid recipients also qualify for Medicare.

Unlike Medicare, Medicaid will pay for drugs, glasses and some dental care.

Where to Live

A monetary and psychological decision

After a successful shoe store owner retired at 65, he and his wife decided to sell their comfortable but too-large house in a Northern Virginia neighborhood full of children.

They had spent several vacations in Arizona where another couple, their former next-door neighbors, lived. They decided to buy a small house in a retirement community that had a lot of good features — many planned activities, good medical facilities and an excellent golf course.

Two years after retirement they came back to Northern Virginia. "I hated the same climate all year 'round. Golf got to be a bore and so were most of the people in the subdivision. Most of them were over my age. It never seemed like home," he said.

Deciding where to live in retirement is both a monetary and psychological decision, although not all who retire view it that way. In retirement, the home will become the place where much time is spent.

MOST RETIREES don't move. According to national Census Bureau figures, 72 out of 100 retirees stay at home, 20 percent move within the same town or state and only 4 percent move across state lines to new homes. Another 4 percent move to unknown locations.

"While you are able to live independently, there is a range of housing opportunities available," said Woodrow W. Hunter, a University of Michigan Institute of Gerontology pre-retirement educator.

Housing options for most retirees are similar to what they were before retirement if health continues to be good. The chances of good health are good. In fact, University of Chicago sociologists Bernice Neugarten and Robert Havinghurst call those between ages 55 and 74 the "young old," a period characterized as an extension of the health and vigor of middle age.

The majority of retirees do not move from their homes because they are familiar with their surroundings and have the health to maneuver in their homes. Also, the fact that 80 percent of homes are mortgage-free at retirement is an important factor in the decision about housing.

IN DECIDING whether to stay or move, "attitudes toward your home and what it means to you — the psychological value of your home — are important," Hunter said.

"Your home is a place where you can make your own decisions about almost all aspects of your living environment. It is the center around which many memories were created. So it's a tie with the family as well as the past. You are surrounded by familiar objects. You can negotiate your environment without thought because it's familiar," he said.

Others find their homes and

Florine Thomasen Lives Alone in an Apartment in Richmond

neighborhoods less than desirable but can't move. The reasons vary, but the experience of one 69-year-old widow living in a six-bedroom house in a Richmond transition neighborhood is an example.

"Most of the people who used to live here are gone and we don't have anybody around here except those noisy college students playing loud music on their porch roofs. These used to be family homes, but most of them are apartments now. The crime rate is bad. I'm afraid to go out at night.

"I GET SO LONESOME sometimes. There are a lot of people around, but nobody cares about you and not too many even say hello."

Nearly 70 percent of America's older people live in center cities in too-large houses. More than half the houses are more than 40 years old and in run-down neighborhoods, said Herman B. Brotman of Falls Church, retired chief statistician and program developer for the aging section of the Department of Health, Education and Welfare.

Most of the moves within communities or state are to smaller houses more suited to a couple without children, or to apartments if low-rent facilities are available.

There is a trend, expected to be statistically documented in the 1980 census, of increased movement to rural areas, usually to small communities, by older people who no longer have to be near their place of work.

Living is often cheaper in the country by an estimated 20 percent, but rural areas usually lack health and other support, social, recreational and transportation services. Unless there are friends nearby and family connections, it is sometimes difficult for a newcomer to be accepted in a rural community, said Arlene C. Elmore, a Durham, N.C., pre-retirement training expert.

MANY OF THOSE who move to retirement communities and like it are ardent supporters of the concept of a village with age restrictions. The services offered in these developments vary greatly, but the better ones provide social activities, health care, transportation and houses, condominiums or apartments designed with special features for older people.

However, Dr. Leon A. Pastalan, University of Michigan sociologist and architectural environmentalist in housing for the elderly, noted that most retirement communities can be afforded only by those with "comfortable" retirement incomes — usually those in the upper middle and upper classes.

Any move in retirement should be made with caution, Ms. Elmore suggested renting the family home, storing the furniture if necessary, and renting an apartment in the new location for a year.

Examine the taxes, medical facilities, public transportation, cultural and recreational activities, the cost of living, weather patterns and "social acceptance, which is important emotionally. You won't know these things by visiting there casually," she said.

"IT IS JUST as important for those who will stay in their own homes to find out aspects of the place where they live as those who move," Hunter said. "You may have lived in a town for years and not know how to get around if you can't drive, or where to go for special assistance for older people."

Although it is likely that some retired persons will make more than one change in housing in retirement, "most people in their 50s and 60s don't perceive a need for [protective] housing in their old age. We encourage them to project themselves 20 or 30 years from now, but they reject it out of hand," Hunter noted.

Nationwide, there are only about 500,000 special housing units for the elderly poor. Escalating rents on suitable apartments and small town houses complicate the retirement housing picture for the low-income and middle-class retired.

A 63-year-old woman and her 68-year-old husband began searching for a small apartment in the Richmond area a year ago. Their requirements were that it be on a bus line, have a low rent that wouldn't escalate and be a pleasant replacement for their country home.

"The places we liked were so expensive — $180 a month and more. The ones that we could afford were too small and dark, and didn't have elevators. It was depressing. We can't afford one of those garden apartments at prices like that. I don't know what we are going to do. I feel like we're caught any way we move — we're not poor enough to get help or rich enough to help ourselves."

"MONEY IS the big thing for most retired people in deciding where they are going to live," Pastalan said.

For widows, widowers, divorced persons and those who never married, the choice of housing also requires special consideration. Nearly half of all women 65 and older are widows; by age 75, two-thirds are widows.

The University of Michigan pre-retirement training manual notes that older persons should consider these aspects when choosing a place to live: the availability of friends to visit and go out with, activities to draw the single person away from the home, well-balanced meals occasionally taken with others, telephone for security and to relieve loneliness, and having friendly neighbors.

For those who decide to remain at home, retirement housing experts suggest making major repairs or replacements such as new roofing, furnace and appliances before retirement.

The major segment of most persons' net worth is tied up in their houses. Sometimes selling the house and buying a small one for retirement is a sound investment.

DO NOT SELL it before age 65, retirement counselors said. If the house is sold before then, often for thousands of dollars more than was paid for it, a capital gains tax must be paid unless the amount is reinvested in another residential property. This does not limit the chance of reinvestment of equity in the house into income-producing investments.

Those at age 65 are permitted to exclude a portion of the capital gains from taxable income if they have lived in the house as a principal residence for at least five of the eight years preceding the sale.

Under federal tax laws, if the adjusted price of the house (sales price minus commissions and other selling expenses) is $35,000 or less, there is no capital gains tax. If the amount is more than $35,000, that portion of gain which is in the same ratio to the entire gain as $35,000 is to the adjusted sales price is excluded from taxation.

If the property is jointly owned, only one spouse needs to meet the age 65 requirement.

HOME OWNERSHIP is not always the best financial investment in retirement, but the key to making this decision is whether the costs of owning a house are a drain on limited capital and income.

Some renters decide to buy a small retirement home without being aware of mortgage payments, taxes, maintenance costs and involvement of capital that could be used to produce income.

For example, a $50,000 house may not be a burden to a $20,000 working income, but if that income drops to $12,000 in retirement, the $50,000 of a mortgage-free home is tied up in equity rather than producing income.

In addition to the hidden rent expenses of the equity, the homeowner pays out-of-pocket expenses for repairs, real estate taxes, insurance, heating fuel and other costs. The total of these expenses, including the percentage of equity, is the rent.

But if this rental amount were added to the after-tax income on the investment of the $50,000, the money might more than pay for a rental unit. The low tax bracket of most retirees could boost the net gain even higher.

Penelope Hommel, University of Michigan attorney and gerontological research scientist, recommended consulting a lawyer before selling a house or making other contractual housing arrangements. In retirement, a mistake involving large amounts of money could be disastrous.

Housing Options Are Varied

In addition to single-family houses, retired persons have such housing options as rental apartments, condominiums, cooperatives, mobile homes and institutional or communal living.

Apartments are units that the renter doesn't own for which a monthly rental fee is paid to the owner. The renter buys a place to live with widely varying features.

The owner pays for property taxes, household repairs and often heat and water. However, usually the renter doesn't have a yard for a garden and some apartments do not allow pets. In most communities, rent increases are not controlled, so that over the years the cost of the apartment is likely to increase.

A CONDOMINIUM is an apartment or an individual house, often in a retirement community, that you own. The purchase price of a condominium also includes a share of the land, recreational facilities and property held in common with fellow owners. There are no individual repair costs. It is like owning a house. You can lease, mortgage and will a condominium.

But such facilities range in price from $12,000 to $250,000, although most are in the $20,000 to $50,000 range.

Individual payments for a share of the maintenance costs and taxes are added; they can strain retirement budgets unless a clause controlling increases in them is written into the agreement.

Cooperatives are usually apartment houses. Instead of buying the individual unit, as in a condominium, a cooperative dweller owns a share in the corporation that owns the building.

Cooperatives are not mortgaged, and rights to lease, sell or will are limited by state law and the cooperative contract. Cooperative buildings are taxed, but not the individual apartment.

LOW COST and easy maintenance attract about one retiree in 10 to choose a mobile home for retirement housing. Most are about 12 by 65 feet, or double that. Most are permanently installed in a mobile home park, some of which are exclusively for older people.

Mobile homes are inexpensive, costing as little as $7,000. The average park spot rents for about $50 a month. Other costs such as insurance, taxes and maintenance increase the rent to $150 or more. Mobile homes depreciate in value, sometimes more than 40 percent in a year.

Arlene C. Elmore, a Durham, N.C., preretirement expert, recommended investigating carefully, using consumer product guides, before buying a mobile home. The construction of the unit should include copper wiring, ample insulation and barrier-free design.

Mobile homes are undesirable if you object to small living quarters and close neighbors or want a house that is a good investment.

FOR MANY single persons, congregate living facilities are a good choice for retirement living. These facilities vary from religious-affiliated homes, some of which require a sizable down payment and monthly fee in exchange for lifetime care, to privately run homes, boarding houses and high-rise developments in which you have a small apartment and communal dining rooms.

Before moving into such an institution, retirement specialists said, determine what individual financial obligations are, the types and amounts of social activities, the friendliness of staff members and other residents, whether the meals are nutritious and the kinds of rules and regulations. If possible, live there for a trial period before making a commitment.

Living with one's children or another relative is an emotionally charged issue. According to Administration on Aging statistics, about 8 percent of men and 14 percent of women over 65 live with a child or relative.

Retirement counselor Thomas Collins advises considering a number of warning signals *before* moving in with children, primarily because "retired people who move into their children's homes are usually not very happy."

When an elderly parent moves in with a child, he or she enters the pattern of that household, of which he is not the head. In many cases this causes the parent to feel ill at ease, and eventually he or she stays for longer and longer periods in his quarters or outside the house.

Financial problems are the most frequent cause of strife, even among peaceful families, Ms. Elmore noted. Careful and realistic written arrangements need to be ironed out before making this move.

Retirement counselors and gerontologists said it is psychologically advantageous for retired persons to maintain independence for as long as possible. This includes being master or mistress of your own living quarters.

Legal Affairs

Providing for the security of survivors

Few persons entering retirement know about potential legal problems or their legal rights and responsibilities. This lack of knowledge could have a devastating effect on retirement security for them and their survivors.

For example: There was a woman who was the neighborhood "sweet little old lady" until she became forgetful and wandering at 79. Her daughter cared for her for two years, until the financial and emotional burdens became too great.

On the advice of her husband, the daughter asked the court to appoint her the guardian for her mother. This gave her control over her mother, her house, possessions and bank account. The older woman was placed in an old-age home.

Three years passed. The daughter sold her mother's home and its furnishings, and the personal effects disappeared. The annual review of the guardianship never took place because of an overburdened court. Years later, no trace could be found of the profit from the house sale, nor was there any sign of its furnishings.

The older woman had not attended the guardianship hearing and had no say in the arrangements.

ANOTHER CASE is less extreme: In his will, an executive put his entire estate in a trust fund to be administered by a bank. This move was designed to protect his wife, who was inexperienced in financial dealings. Under the terms of the trust, all of the income was to go to his widow, but she could not draw on the principal unless she had good reasons.

Five years after his death, the buying power of the income from the fund was greatly reduced by inflation. But the bank ruled that this was not a good enough reason for withdrawing any part of the principal.

The legal affairs of older persons primarily concern estate planning, buying and selling property, preparation in case of becoming incapacitated, marriage and consumer problems.

The principal purpose of estate planning is to organize fiscal and legal affairs to make possible a smooth transition to the survivors and to provide for their security.

Spouses should be informed and participate in estate planning, said Woodrow W. Hunter, a pre-retirement planning specialist at the University of Michigan Institute of Gerontology.

"WIDOWS ESPECIALLY are completely uninformed about matters of wills, insurance and important papers," he said. "It is very important to make a written inventory of these papers, where they are and what each describes."

Getting papers and finances in order may seem like a morbid preoccupation to some, but it is a loving act not to saddle your heirs with a confusing maze of misplaced papers and financial arrangements, said Arlene C. Elmore, a Durham, N.C., pre-retirement educator.

Mr. and Mrs. James E. Cheatham Discuss Their Will

Checklist of Important Data

GENERAL

Name _____

Address _____

IN CASE OF EMERGENCY OR DEATH, NAMES ADDRESSES, TELEPHONE NUMBERS OF PERSONS TO CONTACT

Firm; administrative person and relationship _____
Attorney _____
Accountant or financial adviser _____
Bankers _____
Trustees _____
Executors _____
Doctors _____
Brokers _____
Life, medical, liability, auto and casualty insurance agents _____
Clergyman _____
Employer _____
Real estate professionals _____

INSURANCE, BANKING AND MEDICAL INFORMATION

Bank names, addresses, account numbers and contact person _____
Safe deposit box numbers, location of keys _____
Secret caches, safes, drawers _____
Specific information on source of retirement income and survivor's benefits _____
Medical/hospital insurance coverage details, policy numbers, location of policies _____
Personal medical information such as special problems, medications, therapy, operations due _____
Hospital/nursing home preference _____

MISCELLANEOUS

Adoption papers _____
Canceled checks _____
Diplomas _____
Valuable letters, photos _____
Court records _____
Pet information _____
Passports _____
Tax receipts _____
Divorce decree _____
Other _____

LIST OF WRITTEN OR ORAL PROMISES ABOUT VALUED POSSESSIONS

Heirlooms _____
Jewelry _____
Household goods, furniture _____
Pianos, art _____
Collectibles _____
Medals and awards _____
Genealogical information _____
I.O.U.'s _____
Other _____

*Names, addresses, telephone numbers of others with copies of this list.

BIOGRAPHICAL DATA

Birth, baptismal and marriage certificates _____
Naturalization papers _____
Social Security cards, name of Social Security office contact person _____
Military papers, discharge records _____
Children's birth certificates (originals) _____
Veterans Administration records _____
Curriculum vitae _____
Funeral and burial arrangement, pet deeds, write-up obituary _____
Body-to-science agreements _____

RECORDS AND LOCATION OF IMPORTANT PAPERS

Insurance policies _____
Wills _____
Trust agreements _____
Real estate deeds, mortgage, titles, notes _____
Inventories for insurance purposes _____
Copyrights _____
Patents _____
Contracts _____
Apartment lease _____
Cooperative, condominium agreements and leases _____
Mortgage payment and status _____
Note payment and status _____
Credit payments and status _____
Loans owed and status _____
Loans owed you and status _____
Automotive title, registration, bill of sale, name and address of regular car dealer or mechanic _____
Credit cards, charge accounts and account numbers _____
Certificates of deposit _____
Stock certificates _____
Bonds _____
U.S. savings bonds _____
Income tax records _____
Property tax records _____
Pension information, records, contact person at work _____
Promissory notes _____
Other _____

(Based on a compilation of University of Michigan and Duke University retirement training manuals and banking and accounting forms.)

Making a will is a relatively easy process and ultimately will cost your heirs less money and reduce legal complications after your death, said Penelope Hommel, a lawyer and research scientist at Michigan's Institute of Gerontology.

Ms. Hommel recommended that the will be prepared by a lawyer. Holographic (handwritten) wills may save the $50 to $150 average legal fee for their preparation, but most of them fail to comply with the law, she said.

Having a will properly prepared and witnessed further stimulates those preparing for retirement to select a lawyer, preferably someone younger who is more likely to survive you. Women should also have wills. In some states, a husband might not automatically inherit property, she said.

THE PERSON who is named by you in a will to settle your estate after death is called an executor. Anyone of legal age can be named, but choosing an unqualified relative to be the executor can complicate matters. Often the executor is the lawyer who drew the will, or a banker familiar with your affairs. Sometimes co-executors are named, combining a professional adviser like a lawyer, investment counselor or trust officer with a family member.

Wills are a family matter. Spouses and perhaps older children should be informed about their preparation and contents, Ms. Hommel said. A copy of a list of important papers and their location should be attached to the will.

Since many banks seal safety deposit boxes after death, if wills are kept there, they are sometimes inaccessible without a court order. But wills can be kept there or in another safe place, such as with the lawyer or trust officer.

After death, the will enters a court process called probate that determines that the will is authentic and what the assets are. By preparing a list of assets and updating it periodically, you can facilitate this process tremendously.

YOUR ASSETS are then appraised by a court-appointed appraiser. If they total more than $134,000, the executor of the estate files an estate tax return with the U.S. Treasury Department. If your estate is less than $134,000, there is no tax on it because there is a $34,000 tax credit on inheritances which is equivalent to a $134,000 tax exemption. By 1981, the maximum credit will grow to $47,000, equivalent to a $175,625 exemption.

If one is married, $250,000 or half of the value of the estate, whichever is greater, can be transferred without federal taxation to the surviving spouse. For example, if a married man's estate were $200,000, there would be no estate tax because of the marital deduction specified in the will.

Usually state inheritance taxes are less than federal taxes and are levied against the heirs, not the estate. For instance, on a $500,000 estate, minus expenses and tax credits, the federal tax would be $32,920. The Virginia state tax would be $9,062.40. If this were divided among a widow and two children, the widow would pay $5,800 in state taxes and the two children would pay $1,631.20 each.

Ms. Hommel said that because many banks also sometimes close savings and checking accounts at the time of death, the surviving partner is advised to have ready access to money to last through the probate process, which usually takes about six months to a year.

"IF YOU DO NOT HAVE a will, the state has made one for you," said W. Bates Chappell, a United Virginia Bank trust officer. Some states, like Virginia, divide the estate, giving a third to the widow and two-thirds to the children. Some other states halve the estate between wife and children.

Ms. Elmore advised against giving away parts of your estate before death because you will need it for income and personal financial security. However, gifts in large estates can be used to reduce inheritance taxes, although the tax reform act equalized gift and inheritance taxes, Chappell said.

Estate planning is what you do for your survivors, but there are other aspects of legal matters in retirement that can directly affect your retirement security.

Sometime in your life, it is possible you will spend a period recuperating from an illness. If this happens, preparations should be made in case an illness or extended absence temporarily limits your ability to pay your bills.

Usually retirees work out an informal agreement with someone — a close friend, relative or accountant — to take over in case they cannot manage.

Some alternatives are setting up a power of attorney, hiring a representative payee or setting up a trust.

THE DETAILS of these arrangements can be described by your attorney or trust officer. None should be taken without legal advice, Ms. Hommel said.

A power of attorney gives another person the authority to act for you, usually for a limited period of time when you are unable to do so. The agreement ceases at death.

Chappell cautioned against substituting joint ownership as a form of power of attorney "because assets in a joint account pass to the partner in the account and not according to your will."

A representative payee agreement is similar to the power of attorney. Under this arrangement, you appoint a person or financial institution to receive all or part of your income and to pay your bills with the funds.

Trusts that are either for a lifetime or revocable are established with a bank or other institution, which will manage your finances and pay your expenses according to the contract outlined in the trust.

MANY FAMILIES are aghast at the idea that a family member may seek to become their guardian and refuse to admit it could ever happen to them, Ms. Hommel said.

Statistics on the frequency of these court proceedings have not been compiled, but a study by the National Senior Citizens Law Center in Los Angeles found that 80 percent of the people named in guardianship proceedings were over 65. Ninety-three percent of the defendants were not present at the trial and 97 percent were not represented by a lawyer.

In this process, the person is declared incompetent by the court, and a guardian is appointed to control both the person and his estate.

Ms. Hommel noted that "many of these involuntary guardianships are begun by people who could benefit from the wealth of the older person."

The legal problems in buying and selling property affect all adults, but the effects of improperly drawn purchases and sales could spell financial ruin for someone in retirement.

Some examples include buying land for a retirement home in an area never visited that lacks facilities to build, or not having a tight sale agreement on a house that could leave a retiree open to suits if the new owner subsequently found something he didn't like.

CONTRACTUAL agreements should also be reviewed by an attorney when a retiree decides to live with his children, relatives or friends, or when these persons move in with him. Families are reluctant to make definite financial and legal decisions about housing and money arrangements, often to the distress of both parties, Ms. Elmore said.

A prenuptial agreement is recommended for those who marry in late life. Both parties usually come to the marriage with property and other assets. The agreement is a legal contract that spells out the ownership of property and cash accounts.

Wills and Social Security benefits are also revised then. Families who might object to late marriages if their inheritances are threatened often relax objections when prenuptial agreements secure their anticipated inheritances, Ms. Elmore said.

Retirement advisers list these consumer points to remember in retirement: avoid installment buying with interest rates unsuitable to a retirement income, be wary of fradulent schemes, and investigate thoroughly before spending money on get-rich-quick businesses and franchises that require down payments.

Leisure Time

Finding feelings of accomplishment and satisfaction

Retirement frees from 2,000 to 3,000 hours a year formerly occupied by work.

Some retirees panic at the thought of not having work to do if they, like one retired stockbroker from Alexandria, had made work the center of their life, social activities a way to climb the corporate ladder and weekends and holidays times to fill with career-related projects.

Workaholics are in the minority, however.

With the dramatic increase in free time since the turn of the century (work time has been reduced about half), and the recent introduction of four-day workweeks in some industries, Americans have developed a taste for leisure that is contributing to the trend toward early retirement.

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In free time, "you have to tailor your interests to what you want to do and what you can do. Thinking about this forces you to think about your goals, needs and desired satisfaction," said Woodrow W. Hunter, University of Michigan Institute of Gerontology retirement professor.

"If you want to have f. iends, keep mentally alert and keep healthy, you have to tailor your activities to achieve this.

"Once you come to grips with this, you can find thousands of ways to be useful, which is what people really are worried about when they worry about leisure time."

Some retirement specialists consider a successful retirement to mean activity at the same pace in retirement as earlier in life. "but I feel during retirement we ought to be able to reduce our load," Hunter said. "There are some folks who want to reduce their involvement to take time to relax, to think, to restore, to ask philosophic, introspective questions."

There are numerous opportunities for older people in most communities, but it is more important to know why you are doing something than what you are doing, said several gerontologists.

LEISURE without a specific purpose often becomes boring and frustrating. Purposeful activities can bring feelings of accomplishment and satisfaction.

About 14 percent of retired people find second careers a way to fill leisure time.

Partial retirement gives "the best of both worlds—more time—more time and less pressure while keeping you involved in a meaningful, satisfying role in society," said a Duke University medical sociologist, Dr. Erdman B. Palmore.

The chances of finding a post-retirement job in the same field are greater for those who attained higher levels of work skills. A Social Security Administration survey showed that the number of retired older workers continuing pre-retirement occupations ranged from 60 percent for factory workers to 87 percent for professional and technical workers. However, overall, only about 14 percent of those over 65 work in any form of full or part-time employment.

Older workers have several pluses. The National Association of Manufacturers reported that older workers are better on the job, stay longer, are absent fewer days, have a lower accident rate, have more experience, work harder and get along better than younger workers. However, sometimes the pace of work has to be tailored to their individual capabilities.

THE CHANCES of finding a job after retirement are not so good, though. Society is geared to supply jobs for younger and middle-aged people, and older workers are often stuck in jobs of lesser importance with attendant low wages.

Men over 65 in the work force outnumber women of the same age 2-to-1, said Herman B. Brotman, former chief statistician and program developer for the aging section of the Department of Health, Education and Welfare.

The benefits of meaningful contact with other people and the wages, although low, may make it worth taking part-time or simpler jobs than were held before.

Stories abound of employees who retired to parlay a hobby interest into a profitable second career. But without adequate financial reserves and business acumen, undertaking a full-fledged business venture in retirement is an "unreal dream," Dr. Palmore said.

Professional people, better educated and less dependent on a regular paycheck, sometimes return to the work force after retirement or retire early to begin second careers. An example is an engineer who retired early to study accounting and now runs his own firm.

The Small Business Administration, a valuable source of information about such ventures, notes that sufficient capital to set up the business initially and tide it over the first year or two of development is essential. Insufficient money and poor purchasing and marketing skills account for most business and franchise losses. Half of all new businesses fail in the first three years and another third fail before the fifth year.

IF YOU HAVE a high level of energy and skill in the field, do some homework and consult a competent business accountant or attorney before setting up shop, Hunter said.

However, small at-home businesses such as converting a room in your home into a profit-producing center for small items or services require less overhead. Sometimes hobbies such as painting, woodworking, weaving, sewing, crafts and pottery — if the quality is professional — can be a source of retirement income.

Leisure time is most frequently occupied in retirement in much the same way as earlier.

"If you've always been a joiner and doer, you're likely to continue to be," said Jane Hamilton, a University of Michigan educational gerontologist. "If you haven't, you're less likely to become interested enough to get yourself organized to go out to it."

Sometimes after retirement gregarious people who have been so as part of their job retreat "because there is a fear of rejection. When your work doesn't legitimize your being there, your first thoughts are, 'I wonder if I can do it' and 'I wonder if they'll like me.' It is a temporary low self-esteem that disappears after getting involved in something. Going to a new place with someone often helps," she said.

THE ROLE of social activities in leisure time is one of the most important parts of using that time, retirement specialists say.

"If you asked me where people ought to put their bets, I'd say it is on maintaining social contacts and stimulating the mind to keep it active," Hunter said. "These are the fringe benefits of retirement. When everything else gives way, these will stay."

Learning how to make and maintain friendships requires an awareness of self.

"Some people say they prefer being alone but often it's because they never work at making friendships," Ms. Hamilton said. "It's one thing to value your privacy and it's something else to become dependent on a very narrow range of relationships.

"You don't have to be turned on by large crowds, but you have to be able to handle it. The person who is never able to walk into a room of people comfortably is in trouble when their primary relationships are gone," she said.

Sometimes making new friends is harder for men than women, to whom "men turn over the social life during work years," said Arlene C. Elmore, a Durham, N.C., pre-retirement training expert. "Men can't afford not to know these skills, because after retirement many work-related associations evaporate.

"Most men have an average of five good friends they enjoy being with. But these friends, if they are all the same age, may die. You need friends of all ages, some at least 10 years younger. Deliberately make friends. It takes about 10 years to become close friends," she said.

VOLUNTEERING won't bring income, but it will bring rewards that come from doing something for someone else. In addition to benefiting the recipient of your volunteer efforts, you receive the satisfaction of developing friendships within the organization you belong to and your sense of self-worth is increased.

Travel, often a goal for retirement, is a realizable aim if you have planned for the travel costs or select cheaper means of traveling, like camping.

But purposeless meandering will not be enjoyable long. Retirement counselors recommend that you delay travel plans until you have adjusted to being retired. Then plan a trip with a purpose in mind. One retired couple living in Texas travels each year to Pennsylvania to visit relatives.

As part of the trip, they buy antiques that they can sell in Texas for much more than they paid for them.

Adult education is expected to be one of the main uses of leisure time in future years. Now only about 2 percent of those over 65 participate in formal education programs, according to a Louis Harris poll for the National Council on the Aging.

Adult education is far removed from the concept that learning in adulthood is only for illiterates.

ONE OF THE fast-growing segments of the college population is people returning to college after their children are grown, noted Dr. Janet Lawrence, a specialist in the social psychology of learning at the University of Michigan's Center for Research on Learning and Teaching.

Some older persons develop blocks to education because of previous "poor experiences in formal education and fears of possible embarrassment if they do not do well in the courses," she said. Class auditors, however, are not graded.

But Dr. Howard Y. McClusky, professor emeritus of educational psychology at the University of Michigan, said that "research on the ability to learn is emphatically in favor of older people's ability to learn, which does not decline in old age. Performance sometimes doesn't equal capacity if the student has been away from learning for a while. This may look to the lay public like older students are dumb, but they are not.

"Once an older person is in the swing of things, the older person is not only as good as he ever was, but in some things even better, especially in history, generalizations and conceptualization. A recent study showed that after eight weeks of classes, older people were more creative than the norm for university students," he said.

With a reduction in enrollment expected, because of decreased birth rates, colleges can expect empty classrooms that could be filled by older people, said Michigan educational gerontologist Carl Brahce.

"If people are active mentally and intellectually, they retain their ability to think and reason," Brahce said.

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